

# STATE REGISTER

4

STATE OF MINNESOTA

RECEIVED

DEC 9 1985

LEGISLATIVE REFERENCE LIBRARY  
STATE CAPITOL  
ST. PAUL, MN. 55155



VOLUME 10, NUMBER 24

December 9, 1985

Pages 1285-1324



---

---

### Printing Schedule for Agencies

Issue Number	*Submission deadline for Executive Orders, Adopted Rules and **Proposed Rules	*Submission deadline for State Contract Notices and other **Official Notices	Issue Date
SCHEDULE FOR VOLUME 10			
25	Monday December 2	Monday December 9	Monday December 16
26	Monday December 9	Monday December 16	Monday December 23
27	Thursday December 12	Thursday December 19	Monday December 30
28	Thursday December 19	Friday December 27	Monday January 6

\*Deadline extensions may be possible at the editor's discretion; however, none will be made beyond the second Wednesday (12 calendar days) preceding the issue date for rules, proposed rules and executive orders, or beyond the Wednesday (5 calendar days) preceding the issue date for official notices. Requests for deadline extensions should be made only in valid emergency situations.

\*\*Notices of public hearings on proposed rules and notices of intent to adopt rules without a public hearing are published in the Proposed Rules section and must be submitted two weeks prior to the issue date.

Instructions for submission of documents may be obtained from the Office of the State Register, 506 Rice Street, St. Paul, Minnesota 55103, (612) 296-0930.

---

The *State Register* is published by the State of Minnesota, State Register and Public Documents Division, 117 University Avenue, St. Paul, Minnesota 55155, pursuant to Minn. Stat. § 14.46. Publication is weekly, on Mondays, with an index issue in September. In accordance with expressed legislative intent that the *State Register* be self-supporting, the subscription rate has been established at \$130.00 per year, postpaid to points in the United States. Second class postage paid at St. Paul, Minnesota. Publication Number 326630. (ISSN 0146-7751) No refunds will be made in the event of subscription cancellation. Single issues may be obtained at \$3.25 per copy.

Subscribers who do not receive a copy of an issue should notify the *State Register* Circulation Manager immediately at (612) 296-0931. Copies of back issues may not be available more than two weeks after publication.

The *State Register* is the official publication of the State of Minnesota, containing executive orders of the governor, proposed and adopted rules of state agencies, and official notices to the public. Judicial notice shall be taken of material published in the *State Register*.

---

Rudy Perpich  
Governor

Marsha Storek  
Editor

Sandra J. Gale  
Commissioner  
Department of Administration

Robin PanLener, Paul Hoffman,  
Ruth Werness  
Editorial Staff

Stephen A. Ordahl  
Director  
State Register and  
Public Documents Division

Debbie Kobold  
Circulation Manager

Bonnie Karels  
Support Staff

# CONTENTS

## MINNESOTA RULES AMENDMENTS AND ADDITIONS

Issues 14-24, inclusive . . . . . 1288

## PROPOSED RULES

### Commerce Department

Proposed Rules Relating to Universal Life Insurance . . . . . 1290

## ADOPTED RULES

### Human Services Department

Adopted Rules Governing Child Support Incentive Awards . . . . . 1298

Adopted Rules Relating to Determination of Payment Rates for Intermediate Care Facilities for Persons with Mental Retardation . . . . . 1298

### Pollution Control Agency

Adopted Emergency Rules Relating to Waste Tire Dump Abatement . . . . . 1311

## OFFICIAL NOTICES

### Energy and Economic Development Department

#### Energy and Economic Development Authority

Public Hearing on Proposed Project and Issuance of Bonds Under Minnesota Statutes, Chapter 116M, Exclusive—Lake Crystal . . . . . 1311

Public Hearing on Proposed Project and Issuance of Bonds Under Minnesota Statutes, Chapter 116M, Exclusive—Advertising Unlimited, Inc., Sleepy Eye . . . . . 1312

### Human Services Department

#### Long Term Care Management Division

#### Health Care Programs Division

Notice of Changes in Medical Assistance . . . . . 1313

### Public Safety Department

#### Driver and Vehicle Services

Outside Opinion Sought Regarding Proposed Rules Governing Alcohol Safety Program Presentence Investigation—Rules and Standards for Reimbursement to Counties . . . . . 1314

### Transportation Department

Amended Order and Notice of Street and Highway Routes Designated and Permitted to Carry the Gross Weights Allowed Under Minn. Stat. § 169.825, Order No. 70747, St. Louis County . . . . . 1314

## STATE CONTRACTS

### Administration Department

#### Procurement Division

Commodities Contracts and Requisitions Currently Open for Bidding . . . . . 1315

### Anoka-Ramsey Community College

Request for Proposals for Insurance Pre-License Instructors . . . . . 1316

### Human Services Department

#### Chemical Dependency Program Division

Request for Proposals for Feasibility Study for a Minnesota Multicultural Treatment Center . . . . . 1316

Request for Proposals for Outpatient Treatment Services for Blacks . . . . . 1316

### Metropolitan Council

Sealed Bids Requested for Printing the Housing Options Guide . . . . . 1317

### North Hennepin Community College

Request for Proposals for Advertising Supplement . . . . . 1317

### Public Safety Department

#### Public Information Office

Graphic Art Contract Available . . . . . 1319

Television Public Service Filming Contract Available . . . . . 1319

### Public Safety Department

#### State Patrol Division

Request for Proposals for DWI Instructor Training . . . . . 1319

Request for Proposals for Police Staff and Command Training . . . . . 1320

Request for Proposals for Police Supervisory Training . . . . . 1320

### Transportation Department

Request for Qualifications for Bridge Design Consultants . . . . . 1320

## STATE GRANTS

### Energy and Economic Development Department

Pilot Community Development Corporation Program—1986 Capital Venture Grants . . . . . 1321

## SUPREME COURT DECISIONS

Decisions Filed Wednesday, November 27, 1985 . . . . . 1322

## ERRATA

### Transportation Department

Correction of Amended Notice of Street and Highway Routes Permitted to Carry the Gross Weights Allowed Under Minn. Stat. § 169.825, Order No. 70698 . . . . . 1322

NOTICE

How to Follow State Agency Rulemaking Action in the State Register

State agencies must publish notice of their rulemaking action in the State Register. If an agency seeks outside opinion before promulgating new rules or rule amendments, it must publish a NOTICE OF INTENT TO SOLICIT OUTSIDE OPINION also.

The PROPOSED RULES section contains:

- Calendar of public hearings on proposed rules.
• Proposed new rules (including notice of hearing and/or notice of intent to adopt rules without a hearing).
• Proposed amendments to rules already in existence in the Minnesota Rules.
• Proposed emergency rules.
• Withdrawal of proposed rules (option; not required).

The ADOPTED RULES section contains:

- Notice of adoption of new rules and rule amendments adopted without change from the previously published proposed rules. (Unchanged adopted rules are not republished in full in the State Register unless an agency requests this.)
• Adopted amendments to new rules or rule amendments (adopted changes from the previously published proposed rules).
• Notice of adoption of emergency rules.
• Adopted amendments to emergency rules (changes made since the proposed version was published).
• Extensions of emergency rules beyond their original effective date.

The OFFICIAL NOTICES section includes (but is not limited to):

- Notice of intent to solicit outside opinion before promulgating rules.
• Additional hearings on proposed rules not listed in original proposed rules calendar.

ALL ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES published in the State Register and filed with the Secretary of State before April 8, 1985 are published in the Minnesota Rules 1985. ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES filed after April 8, 1985 will be included in a supplement scheduled for publication in Spring, 1986. Proposed and adopted EMERGENCY (formerly called TEMPORARY) RULES appear in the State Register but are generally not published in the Minnesota Rules due to the short-term nature of their legal effectiveness. Those that are long-term may be published.

The State Register publishes partial and cumulative listings of rule in the MINNESOTA RULES AMENDMENTS AND ADDITIONS list on the following schedule:

Table with 2 columns: Issue range and Issue number. Includes: Issues 1-13, inclusive; Issues 14-25, inclusive; Issue 26, cumulative for 1-26; Issues 27-38, inclusive; Issue 39, cumulative for 1-39; Issues 40-51, inclusive; Issue 52, cumulative for 1-52.

The listings are arranged in the same order as the table of contents of the Minnesota Rules 1985.

MINNESOTA RULES AMENDMENTS AND ADDITIONS

BOARD OF ACCOUNTANCY

1100.3600 (adopted) 1122

DEPARTMENT OF AGRICULTURE

1580.0100-.1000 [Emer] (adopted) 1122

BOARD OF ANIMAL HEALTH

1700.0550 (proposed) 1114

DEPARTMENT OF COMMERCE

Chap. 2610; 2745 (repealed) 1265

2700.2100; .2200; .2300 (repealed 1/1/86) 1179

2700.2400; .2410; .2420 (withdrawn) 1149

2700.2400-.2440 (proposed) 1018

2700.2400-.2440 (proposed repealer 9/30/87) 1018

2700.2400-.2440 [10 SR 1018] (renoticed) 1146

2700.2400-.2440 [10 SR 1018] (proposed repealer 9/30/87) 1146

2725.0100-.0180; .0210; .0230; .0240 (proposed) 986

2735.0100-.0500 [9 SR 2144] (adopted) 1266

2740.4300 (adopted) 1265

2745.0005-.0040 (proposed) 1290

2770.6500; .6800 (adopted) 1265

2791.0100 (adopted) 921

2820.1400-.1950; .5000; .4900

[9 SR 2036] (adopted) 838

SENTENCING GUIDELINES COMMISSION

3000.0100-.0600 (adopted) 1267

BOARD OF DENTISTRY

3100.2000 [9 SR 2698] (adopted) 955

DEPARTMENT OF ECONOMIC SECURITY (Now JOBS AND TRAINING)

3301.0010-.0230; .0260-.0650 [Emer] (proposed) 1240

STATE BOARD OF EDUCATION

3515.4621 [9 SR 1995] (adopted) 955

3530.2610-.2644 (second notice) 992

DEPARTMENT OF ENERGY, PLANNING AND DEVELOPMENT

4155.0100-.0180 [9 SR 2424] (adopted) 1208

ETHICAL PRACTICES BOARD

4505.0900; 4510.0600; .1300; 4515.0100; .0300;

4520.0100 (adopted) 1266

4515.0100, s.3; 4520.0100, s.3 (repealed) 1266

DEPARTMENT OF HEALTH

4625.2300; .5000; 4630.2000; 4695.2900;

4715.3150; .3160; .5900; 4720.0015;

4730.0600 (proposed) 1028

4625.2300; .5000; 4630.2000; 4695.2900;

4715.3150; .3160; .5900; 4720.0015;

4730.0600 (second notice) 1239

4647.0100-.0400 (proposed) 1204

# MINNESOTA RULES AMENDMENTS AND ADDITIONS

4670.0100; .0900; .0930; .0950; .1000; .1200; .1220; .1320; .3070; .4050; .4200; .4210; .4220; .4230; .4240 (proposed) . . . . .	727
.4670.0930, s.3,4; .3900; .3910; .3920; .3930; .3940 (proposed repealer) . . . . .	727
4685.0100; .2800; .1910-.1970; .2150 (proposed) . . . . .	1234
4695.0300; .0800 (proposed) . . . . .	724

## HIGHER EDUCATION COORDINATING BOARD

4830.1000-.1500 (superceded) . . . . .	922
4830.1550-.1556 [Emer] (adopted) . . . . .	922
4850.0010-.0018 (proposed) . . . . .	818

## MN HOUSING FINANCE AGENCY

4900.0010; .1330 (proposed) . . . . .	1117
4900.0550; .0750; .0760; .0770; .0780 (proposed) . . . . .	1115
4910.0010, s.23, i.B. (proposed repealer) . . . . .	1117

## DEPARTMENT OF LABOR AND INDUSTRY

5205.0010 [standards] (proposed) . . . . .	1150
5221.0100-.3200 [republished] (adopted) . . . . .	765
5221.2250, s.10; .2500, s.3-10; .2600, s.3-5; .2700, s.3; .2800, s.3; .3000, s.3-5; .3100, s.3 [republished] (repealed) . . . . .	765
5221.0100-.3200 [republished] (Errata) . . . . .	974
5221.2250, s.10; .2500, s.3-10; .2600, s.3-5; .2700, s.3; .2800, s.3; .3000, s.3-5; .3100, s.3 [republished] (Errata) . . . . .	974
5223.0010; .0020; .0030; .0040; .0060 (adopted) . . . . .	1124
5225.0200 (proposed repealer) . . . . .	881
5225.0300; .8600 (proposed) . . . . .	881

## BUREAU OF MEDIATION SERVICES

5510.2710; .2810; .2910; .3010; .3110 (adopted) . . . . .	997
---	-----

## BOARD OF MEDICAL EXAMINERS

5600.2500 (proposed) . . . . .	749
--------------------------------	-----

## MN POLLUTION CONTROL AGENCY

### Solid and Hazardous Waste Division

7001.0520; 7045.0020; .0075; .0120; .0125; .0135; .0214; .0219; .0296; .0450; .0542; .0552; .0640; .0665; .0675; .0685 (proposed) . . . . .	824
7001.0560; .0580; .0590; .0600; .0610; .0620; 7045.0127; .0135; .0139; .0219; .0526; .0528; .0532; .0536; .0538; .0542; .0552 (adopted) . . . . .	1212
7035.1100-.1115 (second notice) . . . . .	750
7035.8000-.8160 [Emer] (adopted) . . . . .	1311
7045.0020, s.69; .0125, s.2; .0142 (proposed repealer) . . . . .	827
7045.0065; .0552; .0638 (proposed) . . . . .	824
7045.1240; .1250; .1260 (proposed repealer) . . . . .	824
7045.0219; .0292; .0365; .0450; .0550 [9 SR 2745] (adopted) . . . . .	929
7045.0219; .0292; .0365; .0450; .0550 [9 SR 2745] (adopted) . . . . .	929R

### Air Quality Division

7010.0010-.0080 (proposed) . . . . .	891
7010.0100; .0200; .0300; .0400; .0500; .0600; .0700 (proposed repealer) . . . . .	891
7010.0010-.0080 (proposed) . . . . .	891R
7010.0100; .0200; .0300; .0400; .0500; .0600; .0700 (proposed repealer) . . . . .	891R

## Water Quality Division

7075.0100; .0400; .0401; .0411; .0414; .0419; .0428; .0433 (proposed) . . . . .	884
7075.0418 (proposed repealer) . . . . .	884

## BOARD OF PSYCHOLOGY

7200.6100 (proposed) . . . . .	752
7200.6100 (adopted) . . . . .	1266

## DEPARTMENT OF PUBLIC SAFETY

### Driver and Vehicle Services Division

7410.2500 (proposed) . . . . .	953
--------------------------------	-----

### Administration Division

7415.0500 (adopted) . . . . .	1035
7520.0100; .0500; .0550; .0600; .0620; .0640; .0650; .0700; .1000; .1100 (proposed) . . . . .	753
7520.0530, s.3-5 (proposed repealer) . . . . .	753

## PUBLIC SERVICE DEPARTMENT

7600.6800; .7200; .7210; .7500; .7700; .7750; .7900; 7650.0100 (adopted) . . . . .	998
---	-----

## PUBLIC UTILITIES COMMISSION

7840.0200-.1400 (adopted) . . . . .	1266
-------------------------------------	------

## RACING COMMISSION

7890.0100-.0150 (proposed) . . . . .	759
7897.0100; .0120; 7873.0550; 7874.0100; 7879.0100; .0200; .0300; 7895.0100; .0110 [9 SR 2651] (withdrawn) . . . . .	1151
7897.0100; .0120; 7873.0550; 7874.0100; 7879.0100; .0200; .0300; 7895.0100; .0110 (proposed) . . . . .	1151

## SECRETARY OF STATE

8200.1500; .9919; 8210.0200; .9930; .9955; 8235.1000; 8250.0200; .0600; 8220.0050-.4250; 8230.0050-.2350; .3050-.4250 (proposed) . . . . .	1158
8200.2300; 8220.0100-.0500; .1000-.1400; .2000-.3200; .4000-.4800; .5000-.6400; 8230.0200-.0500; .1000-.2600; .2610; .2700-.3000; .3300; .3500-.4400; .5000-.5800 (proposed repealer) . . . . .	1158

## SMALL BUSINESS FINANCE AGENCY

8300.3060-.3070 [Emer] [9 SR 2527] (extended) . . . . .	922
8300.3081-.3090 [Emer, 9 SR 2052, 2700] (extended) . . . . .	1212
8300.3100-.3106 [Emer] (proposed) . . . . .	721
8300.3200-.3204 (proposed) . . . . .	1202
8300.4100-.4112 [Emer] [9 SR 2381] (extended) . . . . .	921

## BOARD OF TEACHING

8700.0310; .3810; .5503-.5512; .6410; .7500 (proposed) . . . . .	896
8700.0310; .3810; .5503-.5512; .6410; .7500 (proposed) . . . . .	896R
8700.3800 (proposed repealer 7/1/89) . . . . .	896
8700.5400; .5401; .5402; .5403; .5404; .5405; .5406; .6400 (proposed repealer 7/1/90) . . . . .	896
8700.3800 (proposed repealer 7/1/89) . . . . .	896R
8700.5400; .5401; .5402; .5403; .5404; .5405; .5406; .6400 (proposed repealer 7/1/90) . . . . .	896R

## WASTE MANAGEMENT BOARD

9200.6000-.6800 [Emer] (adopted) . . . . .	844
9200.9501-.9504; .9506; .9508 (adopted) . . . . .	846
9200.9501, s.4; .9504, s.1 (repealed) . . . . .	846

# MINNESOTA RULES AMENDMENTS AND ADDITIONS

## DEPARTMENT OF PUBLIC WELFARE (Now HUMAN SERVICES)

9500.1090-.1155 (Errata) .....	867
9500.1210-.1221 [Emer] (adopted) .....	923
9500.1210-.1221 [Emer] (adopted) .....	923R
9500.1800-.1820 (adopted) .....	1298
9505.5000-.5105 [9 SR 2367] (adopted) .....	842
9510.1020-.1140 (adopted) .....	922

9525.0900-.1020 (adopted) .....	944
9525.1800-.1930 (adopted) .....	838
9549.0051-.0059 [Temp] (adopted) .....	1124
9550.0010-.0092 (adopted) .....	1298
9575.0010; .0300; .0320; .0340; .0350; .1070; .1400; .1500; .1550; .1570; .1580 (proposed) .....	735
9575.1580, s.4-6 (proposed repealer) .....	735

## PROPOSED RULES

Pursuant to Minn. Stat. of 1982, §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

## Department of Commerce

### Proposed Rules Relating to Universal Life Insurance

#### Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Commerce has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Section 14.21.

Persons interested in these rules shall have 30 days to submit comments in support of or in opposition to the rules. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Department and does not result in a substantial change.

No public hearing will be held unless twenty-five (25) or more persons make a written request for a hearing within the 30 day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, Section 14.14, subd. 1.

Persons who wish to submit comments or a written request for a public hearing should submit them to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101 telephone (612) 296-5689. Any person requesting a public hearing should state her or his name and address and is encouraged to identify the portion of the proposed rule addressed, the reason for the request and any change proposed and send this information to the above address.

Authority for the adoption of these rules is contained in Minnesota Statutes, Sections 45.023 and 61A.03. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.115, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

Upon adoption of the final rules without a public hearing, the proposed rules, this notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should submit a written statement of such request to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

A copy of the proposed rules is attached to this notice. Copies of this notice and proposed rules are available and may be obtained by contacting Richard G. Gomsrud at the above address.

Michael A. Hatch  
Commissioner of Commerce

### **Rules as Proposed (all new material)**

#### **2747.0005 DEFINITIONS.**

Subpart 1. **Definitions.** As used in this chapter, the following terms have the meanings given them.

Subp. 2. **Cash surrender value.** "Cash surrender value" means the net cash surrender value plus any amounts outstanding as policy loans.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce of Minnesota.

Subp. 4. **Fixed premium universal life insurance policy.** "Fixed premium universal life insurance policy" means a universal life insurance policy other than a flexible premium universal life insurance policy.

Subp. 5. **Flexible premium universal life insurance policy.** "Flexible premium universal life insurance policy" means a universal life insurance policy which permits the policyowner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

Subp. 6. **Interest-indexed universal life insurance policy.** "Interest-indexed universal life insurance policy" means any universal life insurance policy where the interest credits are linked to an external referent.

Subp. 7. **Net cash surrender value.** "Net cash surrender value" means the maximum amount payable to the policyowner upon surrender.

Subp. 8. **Policy value.** "Policy value" means the amount to which separately identified interest credits and mortality, expense, or other charges are made under the universal life insurance policy.

Subp. 9. **Universal life insurance policy.** "Universal life insurance policy" means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

#### **2747.0010 SCOPE.**

This chapter encompasses all individual universal life insurance policies except variable life insurance policies defined under part 2750.0100, subpart 14.

#### **2747.0015 VALUATION.**

Subpart 1. **Requirements.** The minimum valuation standard for universal life insurance policies shall be the commissioner's reserve valuation method, as described in this part for these policies, and the tables and interest rates specified in this part. The terminal reserve for the basic policy and any benefits or riders for which premiums are not paid separately as of any policy anniversary shall be equal to the net level premium reserves less (C) and less (D), where:

Reserves by the net level premium method shall be equal to  $((A) = (B))r$  where (A), (B), and r are as defined below:

(A) is the present value of all future guaranteed benefits at the date of valuation.

(B) is the quantity

$$\frac{PVFB}{\ddot{a}_x} \ddot{a}_x + t.$$

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## PROPOSED RULES

where PVFB is the present value of all benefits guaranteed at issue assuming future guaranteed maturity premiums are paid by the policyowner and taking into account all guarantees contained in the policy or declared by the insurer.

$\ddot{a}_x$  and  $\ddot{a}_{x+t}$  are present values of an annuity of one per year payable on policy anniversaries beginning at ages (x) and (x) + (t), respectively, and continuing until the highest attained age at which a premium may be paid under the policy. (x) is defined as the issue age and (t) is defined as the duration of the policy.

The guaranteed maturity premium for flexible premium universal life insurance policies shall be that level gross premium, paid at issue and periodically thereafter over the period during which premiums are allowed to be paid, which will mature the policy on the latest maturity date, if any, permitted under the policy (otherwise at the highest age in the valuation mortality table), for an amount which is in accordance with the policy structure.<sup>1</sup> The guaranteed maturity premium is calculated at issue based on all policy guarantees at issue (excluding guarantees linked to an external referent). The guaranteed maturity premium for fixed premium universal life insurance policies shall be the premium defined in the policy which at issue provides the minimum policy guarantees.<sup>2</sup>

$r$  is equal to one, unless the policy is a flexible premium policy and the policy value is less than the guaranteed maturity fund, in which case  $r$  is the ratio of the policy value to the guaranteed maturity fund.

The guaranteed maturity fund at any duration is that amount which, together with future guaranteed maturity premiums, will mature the policy based on all policy guarantees at issue.

(C) is the quantity

$$((a) - (b)) \frac{\ddot{a}_{x+t} r}{\ddot{a}_x},$$

where (a)=(b) is as described in Minnesota Statutes, section 61A.25, for the plan of insurance defined at issue by the guaranteed maturity premiums and all guarantees contained in the policy or declared by the insurer.

$\ddot{a}_{x+t}$  and  $\ddot{a}_x$  are defined in (B) above.

(D) is the sum of any additional quantities analogous to (C) which arise because of structural changes<sup>3</sup> in the policy, with each such quantity being determined on a basis consistent with that of (C) using the maturity date in effect at the time of the change.

The guaranteed maturity premium, the guaranteed maturity fund, and (B) above shall be recalculated to reflect any structural changes in the policy. This recalculation shall be done in a manner consistent with the descriptions above.

Future guaranteed benefits are determined by: (1) projecting the greater of the guaranteed maturity fund and the policy value, taking into account future guaranteed maturity premiums, if any, and using all guarantees of interest, mortality, expense deductions, and so forth, contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using (i) an interest rate (or rates) specified by Minnesota Statutes, section 61A.25, for policies issued in the same year; (ii) the mortality rates specified by Minnesota Statutes, section 61A.25, for policies issued in the same year or contained in such other table as may be approved by the commissioner for this purpose; and (iii) any other tables needed to value supplementary benefits provided by a rider which is being valued together with the policy.

**Subp. 2. Alternative minimum reserves.** If, in any policy year, the guaranteed maturity premium on any universal life insurance policy is less than the valuation net premium for the policy, calculated by the valuation method actually used in calculating the reserve thereon but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such contract shall be the greater of item A or B.

A. The reserve calculated according to the method, the mortality table, and the rate of interest actually used.

B. The reserve calculated according to the method actually used but using the minimum valuation standards of mortality

<sup>1</sup> The maturity amount shall be the initial death benefit where the death benefit is level over the lifetime of the policy except for the existence of a minimum-death-benefit corridor, or, shall be the specified amount where the death benefit equals a specified amount plus the policy value or cash surrender value except for the existence of a minimum-death-benefit corridor.

<sup>2</sup> The guaranteed maturity premium for both flexible and fixed premium policies shall be adjusted for death benefit corridors provided by the policy. The guaranteed maturity premium may be less than the premium necessary to pay all charges. This can especially happen in the first year for policies with large first year expense charges.

<sup>3</sup> Structural changes are those changes which are separate from the automatic workings of the policy. The changes usually would be initiated by the policyowner and include changes in the guaranteed benefits, changes in the latest maturity date, or changes in allowable premium payment period.

and rate of interest and replacing the valuation net premium by the guaranteed maturity premium in each policy year for which the valuation net premium exceeds the guaranteed maturity premium.

For universal life insurance reserves on a net level premium basis, the valuation net premium is

$$\frac{PVFB}{\ddot{a}_x}$$

and for reserves on a commissioner's reserve valuation method, the valuation net premium is

$$\frac{PVFB}{\ddot{a}_x} + \frac{(a) - (b)}{\ddot{a}_x}$$

#### **2747.0020 NONFORFEITURE.**

Subpart 1. **Minimum cash surrender values for flexible premium universal life insurance policies.** Minimum cash surrender values for flexible premium universal life insurance policies shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to the accumulation to that date of the premiums paid minus the accumulations to that date of: (i) the benefit charges, (ii) the averaged administrative expense charges for the first policy year and any insurance-increase years, (iii) actual administrative expense charges for other years, (iv) initial and additional acquisition expense charges not exceeding the initial or additional expense allowances, respectively, (v) any service charges actually made (excluding charges for cash surrender or election of a paid-up nonforfeiture benefit) and (vi) any deductions made for partial withdrawals; all accumulations being at the actual rate or rates of interest at which interest credits have been made unconditionally to the policy (or have been made conditionally, but for which the conditions have since been met), and minus any unamortized unused initial and additional expense allowances.

Interest on the premiums and on all charges referred to in items (i) to (iv) above shall be accumulated from and to these dates as are consistent with the manner in which interest is credited in determining the policy value.

The benefit charges shall include the charges made for mortality and any charges made for riders or supplementary benefits for which premiums are not paid separately. If benefit charges are substantially level by duration and develop low or no cash values, then the commissioner may require higher cash values unless the insurer provides adequate justification that the cash values are appropriate in relation to the policy's other characteristics.<sup>4</sup>

The administrative expense charges shall include charges per premium payment, charges per dollar of premium paid, periodic charges per thousand dollars of insurance, periodic per policy charges, and any other charges permitted by the policy to be imposed without regard to the policyowner's request for services.

The averaged administrative expense charges for any year shall be those which would have been imposed in that year if the charge rate or rates for each transaction or period within the year had been equal to the arithmetic average of the corresponding charge rates which the policy states will be imposed in policy years two through 20 in determining the policy value.

The initial acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in the first policy year over the averaged administrative expense charges for that year. Additional acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in an insurance-increase year over the averaged administrative expense charges for that year. An insurance-increase year shall be the year beginning on the date of increase in the amount of insurance by policyowner request (or by the terms of the policy).

Service charges shall include charges permitted by the policy to be imposed as the result of a policyowner's request for a service by the insurer (such as the furnishing of future benefit illustrations) or of special transactions.

<sup>4</sup> Because this product is still developing, it is recommended that benefit charges not be restricted and regulatory treatment of cash values be limited to that contained in this section for several reasons. First, further restrictions would limit the development of the product. Second, added restrictions would discourage insurers from reducing nonguaranteed current benefit charges because such reductions could require reduced future benefit charges that could be financially unsound for the insurer. Third, market pressures will encourage insurers to limit benefit charges.

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## PROPOSED RULES

The initial expense allowance shall be the allowance provided by Minnesota Statutes, section 61A.25, for a fixed premium, fixed benefit endowment policy with a face amount equal to the initial face amount of the flexible premium universal life insurance policy, with level premiums paid annually until the highest attained age at which a premium may be paid under the flexible premium universal life insurance policy, and maturing on the latest maturity date permitted under the policy, if any, otherwise at the highest age in the valuation mortality table. The unused initial expense allowance shall be the excess, if any, of the initial expense allowance over the initial acquisition expense charges as defined above.

If the amount of insurance is subsequently increased upon request of the policyowner (or by the terms of the policy), an additional expense allowance and an unused additional expense allowance shall be determined on a basis consistent with the above and with Minnesota Statutes, section 61A.25, using the face amount and the latest maturity date permitted at that time under the policy.

The unamortized unused initial expense allowance during the policy year beginning on the policy anniversary at age  $(x) + (t)$  (where  $x$  is the issue age) shall be the unused initial expense allowance multiplied by:

$$\frac{\ddot{a}_{x+t}}{\ddot{a}_x}$$

where  $\ddot{a}_{x+t}$  and  $\ddot{a}_x$  are present values of an annuity of one per year payable on policy anniversaries beginning at ages  $x + t$  and  $x$ , respectively, and continuing until the highest attained age at which a premium may be paid under the policy, both on the mortality and interest bases guaranteed in the policy. An unamortized unused additional expense allowance shall be the unused additional expense allowance multiplied by a similar ratio of annuities, with  $\ddot{a}_x$  replaced by an annuity beginning on the date as of which the additional expense allowance was determined.

**Subp. 2. Minimum cash surrender values for fixed premium universal life insurance policies.** For fixed premium universal life insurance policies, the minimum cash surrender values shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to  $((A) = (B) = (C) = (D))$ , where:

(A) is the present value of all future guaranteed benefits.

(B) is the present value of future adjusted premiums. The adjusted premiums are calculated as described in Minnesota Statutes, section 61A.25. If Minnesota Statutes, section 61A.25, is applicable, the nonforfeiture net level premium is equal to the quantity

$$\frac{PVFB}{\ddot{a}_x},$$

where PVFB is the present value of all benefits guaranteed at issue assuming future premiums are paid by the policyowner and all guarantees contained in the policy or declared by the insurer.

$\ddot{a}_x$  is the present value of an annuity of one per year payable on policy anniversaries beginning at age  $x$  and continuing until the highest attained age at which a premium may be paid under the policy.

(C) is the present value of any quantities analogous to the nonforfeiture net level premium which arise because of guarantees declared by the insurer after the issue date of the policy.  $\ddot{a}_x$  shall be replaced by an annuity beginning on the date as of which the declaration became effective and payable until the end of the period covered by the declaration.

(D) is the sum of any quantities analogous to (B) which arise because of structural changes<sup>3</sup> in the policy.

Future guaranteed benefits are determined by (1) projecting the policy value, taking into account future premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using: (i) an interest rate (or rates) specified by Minnesota Statutes, section 61A.25, for policies issued in the same year and (ii) the mortality rates specified by Minnesota Statutes, section 61A.25, for policies issued in the same year or contained in such other table as may be approved by the commissioner for this purpose.

**Subp. 3. Minimum paid-up nonforfeiture benefits.** If a universal life insurance policy provides for the optional election of a paid-up nonforfeiture benefit, it shall be such that its present value shall be at least equal to the cash surrender value provided for by the policy on the effective date of the election. The present value shall be based on mortality and interest standards at least as favorable to the policyowner as: (1) in the case of a flexible premium universal life insurance policy, the mortality and interest basis

<sup>3</sup> Structural changes are those changes which are separate from the automatic workings of the policy. The changes usually would be initiated by the policyowner and include changes in the guaranteed benefits, changes in the latest maturity date, or changes in allowable premium payment period.

guaranteed in the policy for determining the policy value, or (2) in the case of a fixed premium policy the mortality and interest standards permitted for paid-up nonforfeiture benefits by Minnesota Statutes, section 61A.25. In lieu of the paid-up nonforfeiture benefit, the insurer may substitute, upon proper request not later than 60 days after the due date of the premium in default, an actuarially equivalent alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits, or, if applicable, a greater amount or earlier payment of endowment benefits.

#### **2747.0025 MANDATORY POLICY PROVISIONS.**

Subpart 1. **Periodic disclosure to policyowner.** The policy shall provide that the policyowner will be sent, without charge, at least annually, a report which will serve to keep such policyowner advised as to the status of the policy. The end of the current report period must be not more than three months previous to the date of the mailing of the report. Specific requirements of this report are detailed in part 2747.0035.

Subp. 2. **Illustrative reports.** The policy shall provide for an illustrative report which will be sent to the policyowner upon request. Minimum requirements of the report are the same as those in part 2747.0030. The insurer may charge the policyowner a reasonable fee for providing the report.

Subp. 3. **Policy guarantees.** The policy shall provide guarantees of minimum interest credits and maximum mortality and expense charges. All values and data shown in the policy shall be based on guarantees. No figures based on nonguarantees shall be included in the policy.

Subp. 4. **Calculation of cash surrender values.** The policy shall contain at least a general description of the calculation of cash surrender values including the following information:

- A. The guaranteed maximum expense charges and loads.
- B. Any limitation on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than 12 months.
- C. The guaranteed minimum rate or rates of interest.
- D. The guaranteed maximum mortality charges.
- E. Any other guaranteed charges.
- F. Any surrender or partial withdrawal charges.

Subp. 5. **Changes in basic coverage.** If the policyowner has the right to change the basic coverage, any limitation on the amount or timing of the change shall be stated in the policy. If the policyowner has the right to increase the basic coverage, the policy shall state whether a new period of contestability or suicide is applicable to the additional coverage.

Subp. 6. **Grace period and lapse.** The policy shall provide for written notice to be sent to the policyowner's last known address at least 30 days prior to termination of coverage.

A flexible premium policy shall provide for a grace period of at least 30 days (or as required by state statute) after lapse. Unless otherwise defined in the policy, lapse shall occur on that date on which the net cash surrender value first equals zero.

Subp. 7. **Misstatement of age or sex.** If there is a misstatement of age or sex in the policy, the amount of the death benefit shall be that which would be purchased by the most recent mortality charge at the correct age or sex. The commissioner may approve other methods which are deemed satisfactory.

Subp. 8. **Maturity date.** If a policy provides for a maturity date, end date, or similar date, then the policy shall also contain a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if such is the case.

#### **2747.0030 DISCLOSURE REQUIREMENTS.**

Subpart 1. **Disclosure requirements.** In connection with any advertising, solicitation, negotiation, or procurement of a universal life insurance policy:

- A. Any statement of policy cost factors or benefits shall contain:
  - (1) the corresponding guaranteed policy cost factors or benefits, clearly identified;

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## PROPOSED RULES

---

(2) a statement explaining the nonguaranteed nature of any current interest rates, charges, or other fees applied to the policy, including the insurer's rights to alter any of these factors; and

(3) any limitations on the crediting of interest, including identification of those portions of the policy to which a specified interest rate shall be credited.

B. Any illustration of the policy value shall be accompanied by the corresponding net cash surrender value.

C. Any statement regarding the crediting of a specific current interest rate shall also contain the frequency and timing by which the rate is determined.

D. If any statement refers to the policy being interest-indexed, the index shall be described. In addition, a description shall be given of the frequency and timing of determining the interest rate and of any adjustments made to the index in arriving at the interest rate credited under the policy.

E. Any illustrated benefits based upon nonguaranteed interest, mortality, or expense factors shall be accompanied by a statement indicating that these benefits are not guaranteed.

F. If the guaranteed cost factors or initial policy cost factor assumptions would result in policy values becoming exhausted prior to the policy's maturity date, the fact shall be disclosed, including notice that coverage will terminate under such circumstances.

### **2747.0035 PERIODIC DISCLOSURE TO POLICYOWNER.**

Subpart 1. **Requirements.** The policy shall provide that the policyowner will be sent, without charge, at least annually, a report which will serve to keep such policyowner advised of the status of the policy. The end of the current report period shall be not more than three months previous to the date of the mailing of the report. The report shall include the following:

A. The beginning and end of the current report period.

B. The policy value at the end of the previous report period and at the end of the current report period.

C. The total amounts which have been credited or debited to the policy value during the current report period, identifying each by type (for example, interest, mortality, expense, and riders).

D. The current death benefit at the end of the current report period on each life covered by the policy.

E. The net cash surrender value of the policy as of the end of the current report period.

F. The amount of outstanding loans, if any, as of the end of the current report period.

G. For fixed premium policies: If, assuming guaranteed interest, mortality, and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report.

H. For flexible premium policies: If, assuming guaranteed interest, mortality, and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

### **2747.0040 INTEREST-INDEXED UNIVERSAL LIFE INSURANCE POLICIES.**

Subpart 1. **Initial filing requirements.** The following information shall be submitted in connection with any filing of interest-indexed universal life insurance policies (interest-indexed policies). The information received shall be treated confidentially to the extent permitted by law.

A. A description of how the interest credits are determined, including:

(1) a description of the index;

(2) the relationship between the value of the index and the actual interest rate to be credited;

(3) the frequency and timing of determining the interest rate; and

(4) the allocation of interest credits, if more than one rate of interest applies to different portions of the policy value.

B. The insurer's investment policy, which includes a description of the following:

(1) how the insurer addressed the reinvestment risks;

(2) how the insurer plans to address the risk of capital loss on cash outflows;

(3) how the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities;

- (4) how the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy;
- (5) the amount and type of assets currently held for interest-indexed policies; and
- (6) the amount and type of assets expected to be acquired in the future.

C. If policies are linked to an index for a specified period less than to the maturity date of the policy, a description of the method used (or currently contemplated) to determine interest credits upon the expiration of such period.

D. A description of any interest guarantee in addition to or in lieu of the index.

E. A description of any maximum premium limitations and the conditions under which they apply.

Subp. 2. **Additional filing requirements.** Annually, every insurer shall submit a statement of actuarial opinion by the insurer's actuary similar to the example contained in subpart 3.

Annually, every insurer shall submit a description of the amount and type of assets currently held by the insurer with respect to its interest-indexed policies.

Prior to implementation, every domestic insurer shall submit a description of any material change in the insurer's investment strategy or method of determining the interest credits. A change is considered to be material if it would affect the form or definition of the index (for example, any change in the information supplied in subpart 1) or if it would significantly change the amount or type of assets held for interest-indexed policies.

**Subp. 3. Statement of actuarial opinion for interest-indexed universal life insurance policies.**

I, \_\_\_\_\_, am \_\_\_\_\_ for the XYZ Life Insurance Company  
(name) (position or relationship to Insurer)

(The Insurer) in the state of \_\_\_\_\_

I am a member of the American Academy of Actuaries (or if not, state other qualifications to sign annual statement actuarial opinions).

I have examined the interest-indexed universal life insurance policies of the Insurer in force as of December 31, 19XX, encompassing \_\_\_\_\_ number of policies and \$\_\_\_\_\_ of insurance in force.

I have considered the provisions of the policies. I have considered any reinsurance agreements pertaining to such policies, the characteristics of the identified assets and the investment policy adopted by the Insurer as they affect future insurance and investment cash flows under such policies and related assets. My examination included such tests and calculations as I considered necessary to form an opinion concerning the insurance and investment cash flows arising from the policies and related assets.

I relied on the investment policy of the Insurer and on projected investment cash flows as provided by \_\_\_\_\_, Chief Investment Officer of the Insurer.<sup>5</sup>

The tests were conducted under various assumptions as to future interest rates, and particular attention was given to those provisions and characteristics that might cause future insurance and investment cash flows to vary with changes in the level of prevailing interest rates.

In my opinion, the anticipated insurance and investment cash flows referred to above make good and sufficient provision for the contractual obligations of the Insurer under these insurance policies.

\_\_\_\_\_  
Signature of Actuary

<sup>5</sup> If the actuary does not choose to rely on an investment officer for the projected investment cash flows, this statement should be modified to show the extent of the actuary's reliance.

If the actuary has not examined the underlying records, but has relied upon listings and summaries of policies in force, an appropriate statement of reliance should be included here.

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## ADOPTED RULES

The adoption of a rule becomes effective after the requirements of Minn. Stat. § 14.14-14.28 have been met and five working days after the rule is published in *State Register*, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption and a citation to its previous *State Register* publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous *State Register* publication will be cited.

An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. § 14.33 and upon the approval of the Revisor of Statutes as specified in § 14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under § 14.18.

### Human Services Department

#### Adopted Rules Governing Child Support Incentive Awards

The rules proposed and published at *State Register*, Volume 10, Number 8, pages 420-425, August 19, 1985 (10 S.R. 420) are adopted as proposed.

### Department of Human Services

#### Adopted Rules Relating to Determination of Payment Rates for Intermediate Care Facilities for Persons with Mental Retardation

The rules proposed and published at *State Register*, Volume 10, Number 4, pages 155-183, July 22, 1985 (10 S.R. 155) are adopted with the following modifications:

##### Rules as Adopted

##### 9553.0010 SCOPE.

Parts 9553.0010 to 9553.0080 establish procedures for determining the total payment rates for all intermediate care facilities for persons with mental retardation participating in the medical assistance program, except intermediate care facilities in state owned hospitals as defined in Minnesota Statutes, section 246.50, subdivision 5. Parts 9553.0010 to 9553.0080 are effective for ~~rate years~~ beginning payment rates established on or after ~~October~~ January 1, 1986.

##### 9553.0020 DEFINITIONS.

Subp. 5. **Capital assets.** "Capital assets" means a facility's land, physical plant, land improvements, depreciable equipment, leasehold improvements, capitalized improvements and repairs, and all additions to or replacements of those assets.

Subp. 6. **Capital debt.** "Capital debt" means a debt incurred by the facility for the purpose of purchasing a capital asset, to the extent that the proceeds of the debt were actually applied to purchase the capital asset including points, financing charges, and bond premiums or discounts. Capital debt includes debt incurred for the purpose of refinancing a capital debt.

Subp. 9. **Class B beds.** "Class B beds" means beds for ambulatory, nonambulatory, mobile, or nonmobile persons who are not mentally or physically capable of taking appropriate action for self-preservation under emergency conditions as determined by ~~parts part~~ part 4665.0500 or ~~parts~~ parts 9525.0210 to 9525.0430.

Subp. 11. **Cost categories.** "Cost categories" means any one of the groupings of costs in part 9553.0040, subparts 1 to ~~5~~ 6.

Subp. 15. **Depreciation guidelines.** "Depreciation guidelines" means The Estimated Useful Lives of Depreciable Hospital Assets, issued by the American Hospital Association, 840 North Lake Shore Drive, Chicago, Illinois (Chicago: 1983). The depreciation guidelines are incorporated by reference and are available for reference at the Minnesota State Law Library, 117 University Avenue, Saint Paul, Minnesota. ~~This document is not subject to frequent change~~ Only the 1983 publication will be used and will not change.

Subp. 25. **Indirect cost.** "Indirect cost" means a cost incurred for a common or joint purpose of benefiting more than one cost category ~~and~~ or not readily assignable to the cost categories benefited.

Subp. 32. **Physical plant.** "Physical plant" means the building or buildings in which a program licensed to provide services to persons with mental retardation under Minnesota Statutes, section 252.28 is located, and all equipment affixed to the building and not easily subject to transfer as specified in the building and fixed equipment tables of the depreciation guidelines, and auxiliary buildings in the nature of sheds, garages, and storage buildings located on the same site if ~~used for~~ related to resident care, and the allocated portion of office space if the office is located in that facility. Physical plant does not include buildings or portions of buildings used by central, affiliate, or corporate offices if those offices are not located in that facility.

Subp. 39. **Related organization.** "Related organization" means a person that furnishes goods or services to a facility and that is a close relative of a provider or a provider group, an affiliate of a provider or provider group, a close relative of an affiliate of a provider or provider group, or an affiliate of a close relative of an affiliate of a provider or provider group. For the purposes of this subpart, the following terms have the meanings given them.

C. "Close relative of an affiliate of a facility provider or provider group" means an individual whose relationship by blood, marriage, or adoption to an individual who is an affiliate of a facility provider or provider group is no more remote than first cousin.

Subp. 42. **Reporting year.** "Reporting year" means the period from January 1 to December 31 immediately preceding the rate year, for which the provider submits its cost report, and that is the basis for the determination of the total payment rate for the following rate year.

Subp. 44. **Respite care.** "Respite care" means short-term supervision, assistance, and care provided to persons with mental retardation due to the temporary absence or need for relief of the caregiver who normally provides these services. ~~The caregiver must and is not be an institutional provider.~~

Subp. 46. **Total payment rate.** "Total payment rate" means the amount established by the commissioner to reimburse the provider for service provided to each resident. The total payment rate is calculated by adding the total operating cost payment rate, the special operating cost payment rate, and the property-related cost payment rate.

### 9553.0030 COST CLASSIFICATION AND ALLOCATION PROCEDURES.

Subpart 1. **Cost classification.** Costs must be classified as provided in this subpart. Total costs for each category must be compiled and recorded on the cost report.

B. In addition to costs which must be included in the administrative cost category, indirect costs such as generic supplies that cannot ~~by specifically classified~~ be readily assignable to one or more cost categories must be classified to the administrative cost category.

C. ~~When a person other than top management personnel has multiple duties, the person's salary cost must be allocated to the cost categories on the basis of time distribution records that show actual time spent, or an accurate estimate of time spent on various activities. For a facility or provider group of 48 or fewer licensed beds, part of the salary or salaries of top management personnel may be allocated to other cost categories to the extent justified in time distribution records which show the actual time spent, or an accurate estimate of time spent on various activities. A facility or provider group that chooses to estimate time spent must use a statistically valid method. Persons who serve in a dual capacity, including those who have only nominal top management responsibilities, shall directly identify their salaries to the appropriate cost categories. Except as provided in this item, the salary of any person having more than nominal top management responsibilities must not be allocated. Except for persons in top management, the compensation of any person having multiple duties, including persons who have only nominal top management responsibilities, must be directly identified and classified to the appropriate cost categories on the basis of time distribution records that show actual time spent, or an accurate estimate of time spent on various activities. Except as provided in item D, the compensation of persons who have top management responsibilities may be classified to a cost category other than administrative operating costs to the extent justified in time distribution records showing the actual time spent, or an accurate estimate of time spent on various activities. Any facility or provider group choosing to estimate the time spent in different cost categories must use a statistically valid method.~~

D. The compensation of a person who is classified as top management personnel and who performs any service for the central, affiliated, or corporate office must be allocated to the facility's administrative cost category in accordance with subpart 4, item C if the facility or provider group served by the central, affiliated, or corporate office has more than 48 licensed beds.

Subp. 4. **Central, affiliated, or corporate office costs.** Cost allocation for central, affiliated, or corporate offices shall be governed by items A to E.

B. Central, affiliated, or corporate office costs representing services of consultants not required by law in the areas of program, quality assurance, medical records, dietary, other care related services, and plant operations may be allocated to the appropriate operating cost category of a facility according to subitems (1) to (5).

(3) The cost in subitem (1) for each consultant must be allocated to only one operating cost category in the facility. If more than one facility is served by a consultant, all facilities shall allocate the consultant's cost to the same operating cost category.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## ADOPTED RULES

C. Except as provided in items A and B, central, affiliated, or corporate office costs must be allocated to the administrative cost category of each facility within the group served by the central, affiliated, or corporate office according to subitems (1) to (5).

(1) All costs that can be directly identified with a specific facility must be ~~allocated~~ classified to that facility.

D. Central, affiliated, or corporate office property-related costs of capital assets used directly by a facility in the provision of ICF/MR services must be ~~allocated~~ classified to the property-related cost category of the facility which uses the capital asset. Central, affiliated, or corporate office property-related costs of capital assets that are not used directly by a facility in the provision of ICF/MR services must be allocated to the administrative cost category of each facility using the methods described in item C.

E. The useful life of a capital asset maintained by a central, affiliated, or corporate office must be determined as in part 9553.0060, subpart 1, item B ~~except that the useful life of depreciable equipment must be as defined in the depreciation guidelines.~~

Subp. 5. **Allocation of costs to related or nonrelated organizations.** A facility's costs associated with services or goods provided by the facility to a related or nonrelated organization must be allocated on the basis of items A to C.

A. Costs of services must be allocated based on the documentation of time spent performing the service by each individual providing services to the related organization or nonrelated organization. All ~~directly~~ identifiable expenses including salary, fringe benefits, and payroll taxes, travel, and supplies of an individual providing services for related organizations or nonrelated organizations must be allocated based on the ratio of actual time spent performing the services for each related or nonrelated organization.

Subp. 6. **Payroll tax and fringe benefit cost allocation.** A facility's payroll taxes and fringe benefits reported in the payroll taxes and fringe benefit cost category must be ~~allocated~~ classified to the program operating cost category, the maintenance operating cost category, and the administrative operating cost category based on direct identification or an allocation using the ratio of allowable salary costs in each of those cost categories to total allowable salary costs.

Subp. 4. **Applicable credits.** Applicable credits must be used to offset or reduce the expenses of the facility to the extent that the cost to which the credits apply was claimed as a facility cost. This cost principle does not apply to items A and B:

A. payments made by the commissioner to the provider for approved services for very dependent persons with special needs pursuant to Minnesota Statutes, section 256B.501, subdivision 8 and parts 9510.1020 to 9510.1140 ~~{Emergency}~~; and

Subp. 5. **Adequate documentation.** A facility shall keep adequate documentation.

A. In order to be considered adequate, documentation must:

(3) include a paid invoice or copy of a paid invoice with date of purchase, vendor name and address, purchaser name and delivery address, listing of items or services purchased, cost of items purchased, account number to which the cost is posted, and a breakdown of any allocation of costs between accounts or facilities. If any of the information to be listed on the invoice is not available, the providers shall document their good faith attempt to obtain the information;

### 9553.0035 DETERMINATION OF ALLOWABLE COSTS.

(4) ~~include contracts, agreements, amortization schedules, mortgages, other debt instruments, and all other documents necessary to explain the facility's costs or revenues include copies of all written agreements and debt instruments to which the facility is a party and any related mortgages, financing statements, and amortization schedules to explain the facility's costs and revenues; and~~

(5) if a cost or revenue item is not documented under subitem (3) or (4), the facility must document the amount, source, and purpose of the item in its books and ledgers following generally accepted accounting principles and in a manner providing an audit trail; and

(6) be retained by the facility to support the five most recent annual cost reports submitted to the commissioner. The commissioner may extend the period of retention if the field audit was postponed because of inadequate recordkeeping or accounting practice as in part 9553.0041, subpart 12, or if the records are necessary to resolve a pending appeal.

C. ~~Compensation for services performed by individuals must be documented on payroll records. Payrolls must be supported by time and attendance or equivalent records for individual employees. If the services are rendered on less than a full-time basis, the reasonable compensation must be proportional to that paid for services rendered on a full-time basis. Payroll records must be maintained by a facility and must show the amount of compensation paid to each employee and the days and hours worked.~~ Complete and orderly cost allocation records must be maintained for cost allocations made among cost categories or facilities as specified in part 9553.0030.

Subp. 6. **Compensation for services performed by individuals.** Compensation for services performed by individuals includes all the remuneration paid currently, accrued or deferred, for services rendered by the provider or employees of the facility. Only compensation costs for the reporting period are allowable.

A. Compensation includes:

(4) the costs of capital assets, supplies, services, or any other in-kind benefits the provider or employees receive for

their personal use from the facility or related organization, except the cost of capital assets, supplies, services, or other in-kind benefits incurred as a necessary cost for an employee who is required to supervise resident activities or to reside in the facility as a condition of employment; and

(5) payments to organizations of nonpaid workers that have arrangements with the facility for the performance of services by the nonpaid workers.

For purposes of this item, in-kind benefit means benefit received in a medium other than cash as identified in parts 3315.0200 to 3315.0600 for personal services performed.

B. The facility must have a written policy for payment of compensation for services performed by individuals. The policy must:

(1) relate the individual's compensation to the performance of specified duties and to the number of hours worked by the individual. Only the compensation of persons employed by the hour must be stated in terms of an hourly wage. The number of hours worked by salaried employees may be stated in terms of the average annual hours worked for each facility.

D. Except for accrued vested vacation and accrued vested sick leave, compensation must be actually paid, whether by cash or negotiable instrument, within 121 days after the close of the reporting year. If payment is not made within 121 days, the unpaid compensation must be disallowed in that reporting year. Payments made after the 121-day period are allowable in the reporting year made.

~~E. If services are rendered on less than a full-time basis, the reasonable compensation must be proportional to that paid for services on a full-time basis.~~

Subp. 7. **Limitations on related organization costs.** Related organization costs are subject to items A to D.

A. Costs applicable to services, capital assets, or supplies directly or indirectly furnished to the provider by any related organization may be included in the allowable cost of the facility at the purchase price paid by the related organization for capital assets or supplies and at the cost incurred by the related organization for the provision of services to the facility if these prices or costs do not exceed the prices of comparable services, capital assets, or supplies that could be purchased elsewhere. For this purpose, the related organization's costs must not include an amount for mark up or profit, except as provided in the following paragraph.

Except for the rental or leasing of facilities, if the related organization in the normal course of business sells services, capital assets, or supplies to nonrelated organizations, the allowable cost to the provider shall be no more than the price charged to the nonrelated organization provided that sales to nonrelated organizations constitute at least 50 percent of total annual sales of comparable services, or capital assets, or supplies.

C. The cost of ownership of a capital asset owned by a related organization and used by the facility may be included in the allowable cost of the facility. When the capital asset is sold or otherwise disposed of by the related organization and the depreciation on the asset has been claimed as a facility cost, any gain realized from the sale by the related organization must be transferred to the facility as an offset in the facility's property-related cost category. The amount of gain to be offset shall be determined as in part 9553.0060, subpart 1, item D.

Subp. 8. **Capitalization.** For rate years after September 30, 1986, the cost of purchasing or repairing capital assets shall be capitalized under items A to D, subject to part 9553.0060, subpart 1.

B. ~~The facility may consider as an expense a repair that costs \$500 or less. Repairs that are considered as an expense must be classified in the plant operation and maintenance cost category. If the cost of a repair to a capital asset is more than \$500 and the estimated useful life of the capital asset is extended beyond its original estimated useful life by at least two years, or if the productivity of the capital asset is increased significantly over its original productivity, then the cost of the repair must be capitalized. Repairs that cost \$500 or less may be treated as an expense. Repairs that cost more than \$500 and that extend the estimated useful life of the asset by at least two years must be capitalized. Improvements made solely for the purpose of making an asset useful for purposes other than those for which it was originally used or more useful for the same purposes must also be capitalized if the cost exceeds \$500. Except for repairs necessitated solely as a result of destructive resident behavior, repairs treated as an expense must be classified in the maintenance operating cost category. Repairs necessitated solely as a result of destructive resident behavior and treated as an expense must be classified as a program operating cost.~~

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. **Strike outs** indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. **Strike outs** indicate deletions from proposed rule language.

## ADOPTED RULES

Subp. 9. **Working capital interest expense.** Working capital interest expense is allowed subject to the requirements of items A to ~~C~~ and B.

A. Working capital interest expense on working capital debt incurred prior to January 1, 1984 1986, is allowed under the rules and regulations in effect on December 31, 1983 12 MCAR SS 2.05301-2.05315 [Temporary].

B. Reimbursement for working capital interest expense for existing facilities is limited under subitems (1) to (3).

(1) For rate years beginning during calendar year 1984, the total amount of working capital interest expense allowed for purposes of determining the payment rate must not exceed the total amount of working capital interest expense incurred by the facility during the reporting year immediately preceding the rate year.

(2) For rate years beginning during calendar year 1985, the total amount of working capital interest expense allowed for purposes of determining the total payment rate must not exceed 80 percent of the allowable working capital interest expense as determined for the previous reporting year.

~~C~~. Working capital interest expense for facilities constructed or established after January 1, 1984 1986, must be limited under subitems (1) and (2).

(1) For the interim and settle-up payment rates the total amount of working capital interest expense allowed must not exceed ~~one 2.5~~ percent of the facility's allowable historical operating costs during the interim reporting period.

Subp. 10. **Retirement contributions.** Retirement contributions for each employee must be limited to the cost of either a United States Internal Revenue Service approved pension or profit sharing plan but not both for the same employee either a qualified pension plan or a qualified profit sharing plan submitted to, and approved by, the Internal Revenue Service.

Subp. 12. **Preopening costs.** Preopening costs of newly established facilities shall be allowable as in items A to C.

A. ~~One time~~ Preopening operating costs of newly established facilities which are incurred within 30 days prior to admission of residents must be included in the facility's interim and settle-up cost reports.

B. ~~One time~~ Preopening costs of newly established facilities which are incurred more than 30 days prior to admission of residents must be capitalized as deferred charges and amortized over a period of not less than ~~420~~ 60 consecutive months beginning with the month in which the first resident is admitted for care.

Subp. 14. **Top management compensation.** For establishment of the allowable historical operating cost, annual compensation for top management personnel who perform necessary services shall be limited according to items A to ~~G~~ F. Documentation of all necessary service performed must be maintained according to subparts 5 and 6.

A. ~~The sum of compensation for all top management personnel for a facility or related organization that owns or operates:~~

(1) ~~a single facility, shall not exceed the lesser of \$847 times the number of licensed beds or \$40,656;~~

(2) ~~more than one facility with a total bed complement of 48 or fewer beds, shall not exceed the lesser of \$847 times the total number of licensed beds or \$40,656; and~~

(3) ~~more than one facility with a total bed complement of 48 or more beds, shall not exceed \$40,656 plus an additional \$348 for each licensed bed over 48. The top management compensation for a single facility within the group shall not exceed the lesser of \$847 times the number of licensed beds or \$40,656.~~

~~B~~. In no case shall the total compensation reimbursed according to parts 9553.0010 to 9553.0080 to an individual, any portion of whose compensation is reimbursed as top management compensation, exceed \$53,820. A person who is included in top management personnel who performs necessary services for the facility or provider group on less than a full-time basis, may receive as allowable compensation no more than a prorated portion of \$53,820 based on time worked.

~~C~~. B. If a person compensated for top management functions in a facility or organization is compensated for providing consultant services to that facility or organization, the compensation for consultant services however designated shall be subject to the top management compensation limitation.

~~D~~. C. Top management compensation shall not include, within the limits of items A, and B, ~~and C~~, the benefits of group health or dental insurance, group life insurance, pensions or profit sharing plans, and governmentally-required retirement plans.

~~E~~. D. If the fringe benefits paid to top management personnel are not provided to all or substantially all of the facility's employees at the same benefit level, that portion of the fringe benefits paid to top management personnel which is not provided to all or substantially all of the facility's employees, shall be disallowed.

~~F~~. E. An individual compensated for top management services on a less than full-time basis for a facility or provider group may be compensated for performing other necessary services which the individual is qualified to perform. Compensation for another necessary service must be at the pay rate for that service except that the total compensation paid to an individual cannot exceed the limit in item B A.

~~G.~~ For each full ~~F.~~ The percentage difference between the previous two Januarys prior to the beginning of the rate year, the all urban consumer price index (CPI-U) for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics, new series index (1967 = 100); shall be used to increase the top management compensation ~~per bed~~ limitation in item A ~~and the limitation in item B shall be adjusted by one percent.~~ The consumer price index is incorporated by reference. It is available through the Minitex Interlibrary Loan System. It is subject to frequent change. The adjustment required by this formula shall be effective for the reporting year beginning on January 1, 1986, and each January 1 ~~after~~ thereafter.

**9553.0036 NONALLOWABLE COSTS.**

AA. Costs incurred in providing approved services for very dependent persons with special needs under parts 9510.1020 to 9510.1140; ~~as proposed at State Register, Volume 10, Number 2, pages 54 to 65 (July 8, 1985).~~

**9553.0040 REPORTING BY COST CATEGORY.**

Subpart 1. **Program operating costs.** The direct costs of program functions must be reported in the program operating cost category. These costs include:

C. consultant or purchased services;

G. the operating costs of a facility owned vehicle except staff compensation costs, or reimbursement for mileage for use of a personal vehicle, to the extent that the vehicle is used to transport residents for program purposes;

I. payroll taxes and fringe benefits allocated in accordance with part 9553.0030, subpart 6; ~~and~~

J. accrued vacation and sick leave; and

K. repairs necessitated solely as a result of destructive resident behavior.

Subp. 2. **Maintenance operating costs.** The costs listed in this subpart are included in the maintenance operating cost category.

D. Direct costs of plant operations and maintenance services include:

(4) nondepreciable equipment and repairs not subject to capitalization under part 9553.0035, subpart 8, except as in subpart 1, item K;

Subp. 3. **Administrative operating costs.** The costs listed in this subpart are included in the administrative operating cost category:

F. insurance except as in subpart 6;

P. ~~the portion of preopening costs amortized in accordance with part 9553.0035, subpart 12, item B;~~

~~Q.~~ security services or security personnel;

~~R.~~ Q. management fees of a nonrelated organization;

~~S.~~ R. working capital interest expense;

~~T.~~ S. indirect costs classified in part 9553.0030, subpart 1, item B;

~~U.~~ T. central, affiliated, or corporate office costs excluding the property-related costs of capital assets used exclusively by individual facilities in the provider group as in part 9553.0030, subpart 4, item D. Central, affiliated, or corporate office costs shall be allocated in accordance with part 9553.0030, subpart 4;

~~V.~~ U. payroll taxes and fringe benefits allocated in accordance with 9553.0030, subpart 6; and

~~W.~~ V. accrued vacation and sick leave.

Subp. 5. **Property-related costs.** The facility costs listed in this subpart are included in the property-related cost category:

C. ~~special assessments paid and accrued real estate taxes;~~

~~D.~~ rental and lease payments; and

~~E.~~ D. payments permitted under part 9553.0036, item BB; ~~and~~

~~F.~~ license fees required by the Minnesota Department of Human Services and the Minnesota Department of Health.

Subp. 6. **Special operating costs.** The facility costs listed in this subpart are included in the special operating cost category:

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## ADOPTED RULES

- A. special assessments and real estate taxes;
- B. license fees required by the Minnesota Department of Human Services and the Minnesota Department of Health;
- C. real estate insurance;
- D. professional liability insurance; and
- E. the portion of preopening costs amortized as in part 9553.0035, subpart 12, item B.

### 9553.0041 GENERAL REPORTING REQUIREMENTS.

Subpart 1. **Required cost reports.** No later than ~~March 31~~ April 30 of each year, the provider shall submit an annual cost report on forms supplied by the commissioner in order to receive medical assistance payments. The reports must cover the reporting year ending December 31. If a certified audit has been prepared, it must be submitted with the cost report. In addition, a provider or provider group which has 48 or more licensed beds shall submit an annual certified audit of its financial records obtained from an independent certified public accountant or licensed public accountant. The examination must be conducted in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants and generally accepted accounting principles. A government owned facility may comply with these auditing requirements by submitting the audit report prepared by the state auditor.

Subp. 2. **Required information.** A complete annual cost report must contain the following items:

C. The provider's balance sheet and income statement for each facility prepared in accordance with generally accepted accounting principles unless audited financial statements are required to be submitted according to subpart 1. If audited financial statements are required, the facility must submit a copy of its audited financial statements for the reporting year. The audited financial statements must include a balance sheet, income statement, statement of retained earnings, statement of changes in financial position, ~~appropriate~~ notes to the financial statements, ~~any applicable~~ and supplemental information, as required of an audit conducted in accordance with generally accepted auditing standards, and the certified or licensed public accountant's opinion. If the financial statements are not sufficiently detailed or the facility's fiscal year is different from the reporting year, the facility shall provide supplemental information that reconciles costs on the financial statements with the cost report.

F. A statement of ownership for the facility, including the name, address, and proportion of ownership of each owner, or a statement that no changes have been made since the last cost report.

K. Charts showing staff assignments classified according to the cost categories in part 9553.0040. The charts must contain the information specified in the cost report form.

L. Documentation of costs included in the payment rate for approved services for very dependent persons with special needs under parts 9510.1020 to 9510.1140; ~~as proposed at State Register, Volume 40, Number 2, pages 54 to 65 (July 8, 1985).~~ These costs must be reported on an individual resident basis unless the special needs payment rate was approved for more than one resident.

Subp. 3. **Supplemental reports.** In order to substantiate the payment rate, the commissioner may require the provider to submit provide items A to E:

A. Except as provided in subpart 1, separate, certified audited financial statements, if they have been prepared, for each related organization ~~in the provider group~~ which include costs in the cost report in excess of \$1,000 annually. If a certified audited financial statement is not available ~~for an entity in the provider group~~, then unaudited financial statements must be submitted for that entity. The commissioner may also require that the financial statements must include a balance sheet, income statement, statement of retained earnings, statement of change in financial position, appropriate notes to the financial statements, and any applicable supplemental information as required of an audit conducted in accordance with generally accepted auditing standards.

Subp. 5. **Records.** The provider must maintain statistical and accounting records in sufficient detail to support ~~information contained in the facility's required reports and financial statements for at least five years including the year following submission of a cost report~~ the five most recent annual cost reports submitted to the commissioner.

Subp. 8. **Deadlines, extensions, and rejections.** Items A to C govern deadlines, extensions, and rejection of reports.

A. The facility must submit the required annual cost reports to the commissioner by ~~March 31~~ April 30. The annual cost report must cover the reporting year ending on December 31 of each year. A facility that terminates participation in the medical assistance program during a reporting year must submit the required annual cost report covering the period from January 1 of that reporting year to the date of termination. The annual cost report must be submitted within ~~three~~ four months after termination.

B. The commissioner may reject any annual cost report filed by a facility that is incomplete or inaccurate or may require ~~additional supplemental~~ information necessary to support the payment rate request according to subpart 3. The corrected report or the ~~additional supplemental~~ information requested must be returned to the commissioner within 20 days of the request or the report must be rejected. The commissioner ~~may~~ shall extend this time if the facility submits a showing of good cause in writing and if the commissioner determines that the delay in receipt of the information written request and if the extension of time will not prevent the

commissioner from establishing rates in a timely manner. Except as provided in item C, failure to file the required cost report and other required information or to correct the form of an incomplete or inaccurate report shall result in the rejection of the cost report and in a reduction of the payment rate as specified in subpart 10. Except as provided in item C, failure to provide the additional information shall also result in a reduction in the payment rate as specified in subpart 10 unless the total payment rate can be calculated by the disallowance of the cost for which the additional information was requested, in which case no rate reduction as specified in subpart 10 shall occur.

C. ~~The commissioner shall grant a one month extension of the reporting deadline, if a facility submits a written request by February 1. The commissioner must notify the facility of the decision to grant or deny an extension within 15 days of receiving the request~~ Except for the copy of the lease agreement, failure to provide the information in subpart 2, item I and subpart 3, item C when the lessor refuses to provide the information shall not result in a reduction in the payment rate as specified in subpart 10 if the lease or rental agreement was arms-length in accordance with part 9553.0060, subpart 7, item B.

Subp. 10. **Noncompliance.** A facility's failure to comply with reporting requirements subjects the facility to items A to C.

B. The reduced total payment rate is effective:

(2) for failure to provide the information required in subpart 1, 2, or 7, on ~~March 31 if no extension has been granted; on April 1 if the extension was granted April 30;~~ or 21 days after a written request for the correction or completion of inaccurate reports or financial statements or at the expiration of such further time period as the commissioner may allow under subpart 8, item B.

C. Reinstatement of the total payment rate upon remedy of the failure or inadequacy is ~~not~~ retroactive.

Subp. 13. **Adjustments.** Adjustments to ~~a~~ the total payment rate may be made as a result of desk or field audit findings or subject to part 9553.0050, subpart 3. Desk or field audit adjustments are made according to items A to G.

Subp. 14. **Amended reports.** Amendments to previously filed annual cost reports are governed by items A to E.

E. Providers can file no more than two amendments to ~~a~~ a previously filed cost ~~reports~~ report in which they have found errors or omissions.

Subp. 16. Reporting real estate taxes, special assessments, and insurance. The facility shall submit a copy of its statement of real estate taxes payable for the calendar year in which the rate year begins and a copy of the invoices for the real estate insurance and professional liability insurance for coverage during the rate year by June 30 each year. Except as provided in this subpart, the commissioner shall disallow the costs of real estate taxes, special assessments, real estate insurance, and professional liability insurance, if the documentation is not submitted by July 31. The disallowance shall remain in effect until the facility provides the documentation and amends the cost report under subpart 14. The historical operating cost for the special operating costs during the reporting year must be shown on the cost report.

**9553.0050 DETERMINATION OF TOTAL OPERATING COST PAYMENT RATE.**

Subpart 1. **Establishment of allowable historical operating cost per diem.** The commissioner shall annually review and adjust the operating costs incurred by the facility during the reporting year preceding the rate year to determine the facility's allowable historical operating costs. The review and adjustment must comply with parts 9553.0010 to 9553.0080. Each facility's allowable historical operating cost per diem shall be established according to items A to F.

A. The total allowable historical operating cost per diem shall be limited according to subitems (1) to (3).

(1) For the rate years beginning on or after October 1, 1986, the administrative allowable historical operating ~~cost~~ costs shall ~~not exceed the percentage of the allowable historical operating costs in all operating cost categories other than the administrative cost category given in units (a) and (b).~~ The commissioner may recompute the limits in units (a) and (b) once within a five year period be limited as in units (a) to (g).

(a) 16 percent for facilities with more than 20 licensed beds in total; and

(b) 20 percent for facilities with 20 or fewer licensed beds in total The commissioner shall classify each facility into one of two groups based on the number of licensed beds reported on the facility's cost report. Group one shall include those facilities with more than 20 licensed beds. Group two shall include those facilities with 20 or fewer licensed beds.

(b) The commissioner shall determine the administrative allowable historical operating cost per licensed bed for each facility within the two groups in unit (a) by dividing the administrative allowable historical operating cost in each facility by the number of licensed beds in each facility.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## ADOPTED RULES

(c) The commissioner shall establish the administrative cost per licensed bed limit by multiplying the median of the array for each group of administrative allowable historical operating costs per licensed bed by 105 percent.

(d) For the rate year beginning October 1, 1986, the cost of a certified audit must not be included in the computation of the administrative allowable historical operating cost or its limit. The facility shall report to the commissioner by July 31, 1986, the greater of the cost incurred for a certified audit for either the reporting year ended December 31, 1985, or a fiscal year ending during the 1985 calendar year.

The commissioner shall determine the average cost of a certified audit per licensed bed by totaling the cost of each certified audit submitted to the commissioner by July 31, 1986, and dividing the sum by the total number of licensed beds in facilities which have submitted costs for a certified audit. The maximum allowable cost for a certified audit shall be the lesser of the facility's reported cost or 115 percent of the average cost of a certified audit per licensed bed multiplied by the number of licensed beds in the facility.

(e) For the rate years beginning on October 1, 1986, and October 1, 1987, the maximum administrative allowable historical operating cost shall be the lesser of the facility's administrative allowable historical operating cost or the amount in unit (c) multiplied by the facility's licensed beds.

(f) For rate years beginning on or after October 1, 1988, the commissioner shall increase the administrative cost per licensed bed limit in unit (e) by multiplying the limit established for the rate year beginning October 1, 1987, by the percentage change in the all urban consumer price index (CPI-U) for Minneapolis-Saint Paul as published by the Bureau of Labor Statistics, United States Department of Labor, between the two most recent Januarys prior to the beginning of the rate year. The year 1967 is the standard reference base period. The maximum administrative allowable historical operating cost shall be the lesser of the facility's administrative allowable historical operating cost or the amount determined in this unit multiplied by the facility's licensed beds.

(g) The administrative cost per licensed bed limit and the average cost of a certified audit determined in this subitem must not be adjusted as a result of field audits, appeals, and amendments.

(2) ~~Except as provided in subitem (3),~~ For the rate years beginning on or after October 1, 1986, the allowable historical operating costs in each of the ~~program,~~ maintenance, and administrative operating cost categories must not exceed the respective operating cost payment rate for each of those cost categories in effect during the reporting year times the prorated resident days which correspond to those operating cost payment rates paid during the reporting year.

For the rate year beginning October 1, 1986, and October 1, 1987, the facility's total operating cost payment rate in effect during the reporting year must be adjusted for reclassifications in accordance with part 9553.0040 and be separated into program, maintenance, special, and administrative operating cost payment rates according to units (a) to (c).

(a) The allowable historical operating costs for each of the program, maintenance, special, and administrative operating cost categories including the portion of payroll taxes and fringe benefits in unit (b) incurred during the reporting year must be divided by the total allowable historical operating costs incurred during the reporting year.

(c) The program, maintenance, special, and administrative operating cost payment rates shall be determined by multiplying each total operating cost payment rate in effect during the reporting year by the program, maintenance, special, and administrative ratios determined in unit (a).

(3) ~~The facility may exceed the allowable historical program operating cost limit established in subitem (2) to the extent that the allowable historical operating costs for the maintenance cost category or administrative cost category are below the limits established in subitem (2).~~

(4) The limits in subitem (2) and (3) shall not apply to a facility with ~~an interim~~ a payment rate established according to part 9553.0075, subparts 1 to 3.

B. The program allowable historical operating cost per diem shall be computed by dividing the program allowable historical operating costs in that cost category incurred during the reporting year ~~as limited according to item A,~~ by the greater of resident days or 85 percent of capacity days.

E. ~~The total allowable historical operating cost per diem shall be the sum of items B to D~~ For the rate year beginning October 1, 1986, the allowable certified audit cost per diem shall be computed by dividing the allowable certified audit cost as determined in item A, subitem (1), unit (d) by the greater of resident days or 85 percent of capacity days.

Subp. 2. **Establishment of total operating cost payment rate.** The total operating cost payment rate shall be established according to items A to F.

A. The allowable historical operating cost per diems determined according to subpart 1, items B to D, shall be adjusted by the annualized percentage change in the all urban consumer price index (CPI-U) for Minneapolis-Saint Paul as published by the Bureau of Labor Statistics, United States Department of Labor, between the two most recent Januarys prior to the beginning of the rate year. The year 1967 is the standard reference base period. For the rate year beginning October 1, 1986, the allowable certified audit cost per diem in subpart 1, item E, shall not be adjusted by the CPI-U.

E. If the reporting year's total allowable historical operating cost incurred during the reporting year excluding special operating costs, is less than the sum of the limits computed in subpart 1, item A, subitem (2), the facility shall receive the difference divided by the greater of resident days or 85 percent of capacity days as an efficiency incentive, up to a maximum of \$2 per resident per day. A facility whose program allowable historical operating cost incurred during the reporting year is below the program historical operating cost limit established in subpart 1, item A, subitem (2) is not eligible to receive the efficiency incentive. The efficiency incentive must not be adjusted as a result of a field audit.

F. The total operating cost payment rate shall be the sum of items B to E. For the rate year beginning October 1, 1986, the total operating cost payment rate shall be the sum of items B to E and the allowable certified audit cost per diem as determined in subpart 1, item E.

Subp. 3. **One-time adjustment to program operating cost payment rate.** The one-time adjustment shall be determined according to items A to G.

A. The commissioner shall allow a one-time adjustment to a facility's program operating cost payment rate when the commissioner or the commissioner of health has issued an order to the facility under parts 9525.0210 to 9525.0430 or 4665.0100 to 4665.9900 or when the federal government has issued a deficiency order under Code of Federal Regulations, title 42, section 442 requiring the facility to correct a deficiency in the number or type of program staff necessary to implement individual resident habilitation plans or when the commissioner has determined a need exists based on a need redetermination plan approved pursuant to Minnesota Statutes, section 252.28 and parts 9525.0015 to 9525.0145 [Emergency] provided that:

(1) the facility's program staff complement on the date of the ~~commissioner's~~ finding of the deficiency or need is equal to or exceeds the program staff complements included in the facility's total payment rates during the rate year covering the date of the finding and during the immediately prior rate year;

(2) the deficiency or need cannot be corrected or met by reallocating facility staff and costs including amounts reimbursed for a change in ownership or reorganization of provider entities between related organizations, and any efficiency incentive or other allowance;

(3) the deficiency or need cannot be corrected or met through a special needs rate exception as provided in parts 9510.1020 to 9510.1140, as proposed at State Register, Volume 10, Number 2, pages 54 to 65 (July 8, 1985); and

(4) the provisions in items B to G are met.

B. The facility must submit to the commissioner a written request for the one-time adjustment to the program operating cost payment rate. The request must include:

(1) documentation which indicates that the deficiency or need could not be corrected or met through a special needs rate as provided in parts 9510.1020 to 9510.1140 ~~[Emergency]~~;

(2) a copy of the order ~~issued by the commissioner~~ or determination which cites a the deficiency in program staff and a copy of the commissioner's determination of or need in the number and type of program staff required to correct the deficiency or meet the need;

(3) a list of all staff positions during the rate year covering the date of the deficiency order or need determination and the immediately prior rate year, annual salaries and hours, related fringe benefits and payroll taxes;

(4) a description of the facility's plan to correct the deficiency or meet the need including the projected cost of the salary and related fringe benefits and payroll taxes for required additional program staff; and

G. The commissioner shall authorize payments under this subpart only once in a three-year period for ~~each~~ a facility.  
**9553.0051 DETERMINATION OF THE SPECIAL OPERATING COST PAYMENT RATE.**

The total allowable special operating costs in part 9553.0040, subpart 6, as adjusted by part 9553.0041, subpart 16, must be divided by the greater of resident days or 85 percent of licensed capacity days to compute the special operating cost payment rate.

**9553.0051 DETERMINATION OF THE SPECIAL OPERATING COST PAYMENT RATE**

Subpart 1. **Depreciation.** Allowable depreciation expense must be determined according to items A to E.

A. Subject to the limitations in item C, the basis for calculating depreciation is governed by subitems (1) to (7).

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. Strike outs indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. Strike outs indicate deletions from proposed rule language.

## ADOPTED RULES

(5) The initial accumulated depreciation on used capital assets for providers entering the medical assistance program after December 31, 1983, must be calculated using the useful life schedule in item B starting from the later of the date of completion of construction, or the time of purchase by the current owner. The initial accumulated depreciation on the capital assets must not exceed 50 percent of the historical capital cost of the capital assets in any case. When a facility first enters the medical assistance program, the accumulated depreciation of any used capital assets owned by the facility prior to entering the medical assistance program must be calculated by using the useful life schedule in item B starting from the later of the date of completion of construction, or the time of purchase by the current owner. However, the amount of accumulated depreciation must not exceed 50 percent of the historical capital cost of the capital asset.

C. The facility's historical capital costs shall be limited by subitems (1) to (4) (5).

(3) The depreciation on additions, replacements, or newly acquired depreciable equipment shall be allowed without regard to the limits in this item, if the acquisitions were required subsequent to the facility's certification in order to maintain compliance with the Life Safety Code, as referenced in Code of Federal Regulations, title 42, sections 442.507 to 442.509, as amended through December 31, 1982 or as subsequently amended, or with fire safety orders of the local agency issued by an appropriate authority.

(5) For purposes of this item, the facility's total historical capital cost of capital assets must not include the facility's allowable portion of capital assets of the central, affiliated, or corporate office whose costs are allocated to the facility's administrative cost category in accordance with part 9553.0030, subpart 4, item D.

E. Except as provided in subpart 7, facilities must fund depreciation according to subitems (1) to (8).

(1) The annual deposit to the funded depreciation account must be determined according to the following formula: (allowable depreciation - required annual principal payment on the capital debt) multiplied by (1 - the percentage of equity determined in subpart 5). The required annual deposit to the funded depreciation account and any amount determined in subpart 5, item E, which is not used to reduce capital debts or working capital loans must be deposited to the account no later than the end of the reporting year.

Subp. 3. **Allowable interest expense.** Allowable capital debt interest expense shall be determined in accordance with items A to J.

A. Except as in subpart 1, item E, subitem (7), interest income earned on the required funded depreciation shall not be deducted from capital debt interest expense and working capital interest expense. Interest income earned on amounts deposited in a Development Cost Escrow Account required by the Minnesota Housing Finance Agency or other similar accounts and which is available during the reporting year to the provider or provider group shall be deducted from capital debt interest expense. Any other interest income shall not be deducted from capital debt interest ~~income~~ expense. Except for interest income earned on the required funded depreciation, interest income available during the reporting year to the provider or provider group shall be deducted from the working capital interest expense.

F. Interest expense for capital debts on capital assets acquired, leased, constructed, or established after December 31, 1983, shall be allowable only for the portion of the capital debt which does not exceed 80 percent of the historical capital cost of the capital asset including points, financing charges, and bond premiums or discounts subject to the limitations in item H and subpart 1, item C.

G. Changes in interest expense, except increases in interest expense due to refinancing of existing capital debts, or changes in ownership, shall be allowed in the calculation of the total payment rate for the rate year following the reporting year in which the cost was incurred. Changes in interest expense due to refinancing of existing capital debts, changes in ownership, or reorganization of provider entities, shall be subject to subitems (1) to (4).

(3) Increases in interest expense which result from refinancing of a capital debt with a balloon payment shall be allowed according to units (a) to (c).

(b) The refinanced capital debt shall not exceed the balloon payment, except to the extent of refinancing costs such as points, origination fees, or title search.

Subp. 5. **Capital debt reduction allowance.** A provider whose facility is not leased or a facility which is leased from a related organization shall receive a capital debt reduction allowance. The amount of the capital debt reduction allowance and the reduction of capital debt required must be determined according to items A to G:

A. The total amount of the capital debt reduction allowance and the portion of that amount which must be applied to reduce the provider's capital debt shall be determined according to the following table:

PERCENTAGE OF EQUITY IN CAPITAL ASSETS USED BY THE FACILITY	TOTAL CAPITAL DEBT REDUCTION ALLOWANCE PER RESIDENT DAY (IN DOLLARS)	AMOUNT WHICH MUST BE APPLIED TO REDUCE CAPITAL [DEBT (IN DOLLARS)]
Less than 20.01	.50	.50
20.01 to 40.00	.50	<del>.40</del> <u>.25</u>
40.01 to 60.00	.65	<del>.30</del> <u>0</u>
60.01 to 80.00	.80	<del>.20</del> <u>0</u>
80.01 to 100.00	1.00	0

C. ~~If prepayment of a capital debt is prohibited by the funding source and the provider does not have any other capital debts, the provider shall not receive the portion of the capital debt reduction allowance which must be applied to reduce capital debt.~~

~~D.~~ Each reporting year, the provider shall reduce the capital debt at the end of the reporting year by an amount equal to the portion of the capital debt reduction allowances paid during the reporting year which must be applied to reduce capital debt multiplied by the prorated resident days corresponding to each capital debt reduction allowance paid during the reporting year.

~~E.~~ D. The amount of reduction of capital debt computed in item A, must be in addition to the normal required principal payments on the capital debt to be reduced.

~~F.~~ E. The amount of reduction of capital debt computed in item ~~D~~ C must be applied first to reduce the principal on the allowable portion of any capital debt on which the provider is only required to pay interest expense. The remaining portion of the amount shall be applied to reduce other allowable capital debt starting with the capital debt which had the highest amount of interest expense during the reporting year.

F. If prepayment of a capital debt is prohibited by the funding source and the provider does not have any other capital debts, the portion of the capital debt reduction allowance which must be applied to reduce capital debt shall be applied first to the reduction of any working capital loans; the balance shall be deposited in the funded depreciation account. If prepayment of the capital debt results in the imposition of a prepayment penalty by the funding source, a portion of the capital debt reduction allowance which must be applied to reduce capital debt may be used to pay that penalty and the remainder may be used to reduce capital debt or the entire portion of the capital debt reduction allowance to be used to reduce capital debt may be deposited in the funded depreciation account.

G. For purposes of determining the provider's property related payment rate for the facility, only capital debt interest expense resulting from allowable capital debt reduced in accordance with items ~~D~~ C to F shall be allowed.

Subp. 7. **Reimbursement of lease or rental expense.** The provider or provider group's lease or rental costs shall be determined according to items A to H.

C. The costs of a lease or rental agreement for a facility's physical plant shall be subject to the following limitations:

(2) ~~Arms-length leases or rental costs incurred under agreements entered into after December 31, 1983, shall be disallowed~~ allowed subject to the limitations in item E.

(3) ~~Arms-length~~ Leases or rental costs incurred under agreements entered into on or before December 31, 1983, are allowable under rules and regulations in effect on December 31, 1983, subject to the conditions in item B and the limitations in item E.

(4) ~~Renewals~~ Increases in lease or rental costs resulting from the renewal, renegotiations renegotiation, or extensions extension of leases a lease or rental agreements agreement in subitem (3) are allowable to the extent that the ~~new lease or rental cost facility's property related payment rate~~ does not exceed the previous lease or rental cost and subject to the limitations in item E average property related payment rate of all facilities in the state.

D. For ~~nonarms-length~~ lease or rental costs disallowed under item C, subitem (1) or ~~(2)~~ (3), the provider shall receive in lieu of the lease or rental costs for the facility's physical plant the applicable depreciation, interest, and other reasonable property related costs incurred by the lessor, such as real estate taxes. Depreciation and interest shall be established in accordance with subparts 1 to 5, and shall be based on the lessor's historical capital cost of the capital assets and historical capital debt.

E. The present value of the lease or rental payments allowed in item A, subitem (2) and item C, subitems ~~(2), (3), and (4)~~ together with the historical capital cost of all other capital assets used by the facility shall not exceed the limitations in subpart 1, item C; and subpart 3, item H. The present value of the lease or rental payments must be calculated exclusive of real estate taxes and other

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## ADOPTED RULES

costs assumed by the lessor. The interest rate used in calculating the present value of the lease or rental payments shall be the lessor's interest rate subject to the limits in subpart 2. If the lessor's interest rate is not provided by the lessor, the commissioner shall use the interest rate limit established by the rule in effect on the date the lease or rental agreement became effective.

### 9553.0070 DETERMINATION OF TOTAL PAYMENT RATE.

Subpart 1. **Total payment rate.** The total payment rate must be the sum of the total operating cost payment rate, the special operating cost payment rate, and the property related payment rate.

Subp. 2. **Limitations to total payment rate.** The total payment rate must not exceed the rate paid by private paying residents for similar services for the same period. This limit does not apply to payments made by the commissioner for approved services for very dependent persons with special needs under parts 9510.1020 to 9510.1140; as proposed at *State Register*, Volume 40, Number 2, pages 54 to 65 (July 8, 1985).

### 9553.0075 RATE SETTING PROCEDURES FOR NEWLY CONSTRUCTED OR NEWLY ESTABLISHED FACILITIES OR APPROVED CLASS A TO CLASS B CONVERSIONS.

Subpart 1. **Interim payment rate.** A provider may request an interim payment rate for a newly constructed or newly established facility or for a facility converting more than 50 percent of its licensed beds from Class A beds to Class B beds provided that the conversion is approved by the commissioner. To receive an interim payment rate, the provider must submit a projected cost report in compliance with parts 9553.0010 to 9553.0080 to the extent applicable, for the year in which the provider plans to begin operation or plans to convert beds. Parts 9553.0050, ~~subparts subpart 1, item A, subitems subitem (2) and (3); subpart 2, item E; and subpart 3;~~ and part 9553.0060, subpart 6 shall not apply to interim payment rates. The interim property related payment rate must be determined using projected resident days but not less than 80 percent of licensed capacity days. The effective date of the interim payment rate for a newly constructed or newly established facility must be the later of the first day a medical assistance recipient resides in the newly constructed or established bed or the date of medical assistance program certification. The effective date of the interim payment rate for a facility converting more than 50 percent of its licensed beds from Class A beds to Class B beds must be the later of the date on which all the converted beds are occupied by residents requiring a Class B bed as determined by the commissioner or the date on which the beds are licensed as Class B beds by the Minnesota Department of Health. Prior to the effective date of the interim payment rate, the provider may submit a request to update the interim rate. After the effective date of the interim payment rate, no adjustments shall be made in the interim payment rate until settle-up.

Subp. 2. **Interim payment rate settle-up.** The interim payment rate must not be in effect more than 17 months. When the interim payment rate begins between August 1 and December 31, the facility shall file settle-up cost reports for the period from the beginning of the interim payment rate through December 31 of the following year. When the interim payment rate begins between January 1 and July 31, the facility shall file settle-up cost reports for the period from the beginning of the interim payment rate to the first December 31 following the beginning of the interim payment rate.

B. An interim payment rate established on or after January 1, 1986, is subject to retroactive upward or downward adjustment based on the settle-up cost report and in accordance with parts 9553.0010 to 9553.0080 except that:

(1) ~~parts part 9553.0050, subparts subpart 1, item A, subitems subitem (2) and (3); subpart 2, item E; and subpart 3;~~ and part 9553.0060, subpart 6 do not apply;

(3) the settle-up operating cost payment rates must be determined by dividing the allowable historical operating costs by the greater of resident days or 80 percent of licensed capacity days; ~~and~~

(4) the settle-up special operating cost payment rate must be determined by dividing the allowable historical special operating costs by the greater of resident days or 80 percent of licensed capacity days; and

(5) the settle-up total payment rate must not exceed the interim payment rate by more than 0.4166 percent for each full month between the effective date of the interim payment rate period and the end of the first fiscal period.

Subp. 3. **Total payment rate for nine-month period following settle-up period.** For the nine-month period following the settle-up reporting period, the total payment rate must be determined according to items A ~~and B to C.~~

A. The allowable historical operating cost per diems must be determined in accordance with parts 9553.0010 to 9553.0080 except that:

(1) ~~parts part 9553.0050, subparts subpart 1, item A, subitems subitem (2) and (3); subpart 2, item E; and subpart 3;~~ and part 9553.0060, subpart 6 do not apply;

B. The special operating cost payment rate must be determined by dividing the allowable historical special operating costs by the greater of resident days or 85 percent of licensed capacity days.

C. The property related payment rate must be determined according to parts 9553.0010 to 9553.0080.

**9553.0080 APPEAL PROCEDURES.**

Subp. 3. **Resolution of appeal.** The appeal shall be heard under the contested case provisions in Minnesota Statutes, sections 14.57 to 14.62 and parts 1400.5100 to 1400.8300. Upon agreement of both parties, the dispute may be resolved informally through any informal dispute resolution method such as settlement, mediation, or modified appeal procedures established by agreement between the commissioner and the chief ~~hearing examiner~~ administrative law judge.

Subp. 6. **Appeal expenses.** Expenses incurred in the appeal or for individual items under appeal will be reimbursed to the provider to the extent that:

- A. ~~the appeal or the individual item was resolved on behalf of the provider~~ is successful on each disputed item appealed; and

## **Pollution Control Agency**

### **Adopted Emergency Rules Relating to Waste Tire Dump Abatement**

The rules proposed and published at *State Register*, Volume 10, Number 13, pages 687-694, September 23, 1985 (10 S.R. 687) are adopted with the following modifications:

#### **Rules as Adopted, Emergency**

##### **7035.8110 [Emergency] REQUIRED STANDARDS DURING ABATEMENT.**

Subp. 3. **Additional required standards during abatement.** Any tire collector abating a tire dump must operate and maintain the tire dump in conformance with items A to E unless otherwise allowed by the agency.

- A. ~~No material other than~~ Only waste tires, which ~~includes~~ include waste tire chips, may be stored in the designated tire dump area.

---

---

## **OFFICIAL NOTICES**

Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

---

## **Department of Energy and Economic Development Energy and Economic Development Authority**

### **Public Hearing on Proposed Project and Issuance of Bonds Under Minnesota Statutes, Chapter 116M, Exclusive—Lake Crystal**

NOTICE IS HEREBY GIVEN that the Minnesota Energy and Economic Development Authority (the "Authority"), shall meet on December 18, 1985, at 3:00 p.m., at 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota, for the purpose of conducting a public hearing on a proposed issue of bonds (the "Bonds") under Minnesota Statutes, Chapter 116M, as amended and supplemented (the "Act"), to undertake and finance a project on behalf of Crysteel Manufacturing, Inc. (the "Company"), a Minnesota corporation and Eldon D. Jones and Helen C. Jones (the "Principals"). Such persons as desire to be heard with reference to said issue of Bonds will be heard at this meeting.

The project to be financed consists of the construction of a new building to be located on land adjacent to the existing building to be located in the City of Lake Crystal, Blue Earth County, Minnesota (street address: Highway 60 East, Minnesota) (the "Project"). The initial owner of the Project will be the Principals who will lease the Project to the Company. The Company will be the initial operator and manager of the Project. The estimated maximum amount of the proposed bond issue is an amount equal to

**KEY: PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

## OFFICIAL NOTICES

---

\$1,327,800. The Bonds shall be limited obligations of the Authority, and the Bonds and the interest thereon shall be payable solely from the revenue pledged to the payment thereof, except that such Bonds may be secured by a mortgage or security interest to be created by the Principals and/or Company if subsequently required by the Authority. In addition, the Bonds and the Project may subsequently be considered by the Authority for financial assistance to be provided by the Economic Development Fund, created and established pursuant to the Act or other applicable financial assistance of the Authority. Notwithstanding the foregoing, no holders of any such Bonds shall ever have the right to compel any exercise of the taxing powers of the State of Minnesota or any political subdivision thereof to pay the Bonds or the interest thereon nor to enforce payment against any property of said State or said political subdivision.

A copy of the Application to the Authority for approval of the Project, together with all attachments and exhibits thereto and a copy of the Authority's resolution accepting the Application and accepting the Project is available for public inspection at the offices of the Authority, at 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota from the date of this notice to the date of the public hearing hereinabove identified, during normal business hours.

November 25, 1985

By Order of the Members of the  
Minnesota Energy and Economic  
Development Authority,  
Mark Dayton  
Commissioner, Department of Energy  
and Economic Development, and  
Chairman, Minnesota Energy and  
Economic Development Authority

## Department of Energy and Economic Development Energy and Economic Development Authority

### Public Hearing on Proposed Project and Issuance of Bonds Under Minnesota Statutes, Chapter 116M, Exclusive—Advertising Unlimited, Inc., Sleepy Eye

NOTICE IS HEREBY GIVEN that the Minnesota Energy and Economic Development Authority (the "Authority"), shall meet on December 18, 1985, at 3:00 p.m., at 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota, for the purpose of conducting a public hearing on a proposed issue of bonds (the "Bonds") under Minnesota Statutes, Chapter 116M, as amended and supplemented (the "Act"), to undertake and finance a project on behalf of Advertising Unlimited, Inc. (the "Company"), a Minnesota corporation. Such persons as desire to be heard with reference to said issue of Bonds will be heard at this meeting.

The project to be financed consists of the construction of a warehouse to either be attached to the existing building or placed adjacent thereto and the acquisition and installation of a printing press to be used in connection with its business operations in the printing of advertising specialties, to be located in the City of Sleepy Eye, Brown County, Minnesota (street address: at the intersection of State Hwy. 60 East and Blue Earth County Road I Judson County Township), being Sleepy Eye, Minnesota, which is also described as Lot Nos. 4, 5 and 7 in project site presently owned by the City of Sleepy Eye, Minnesota, at Southdale and Third Avenue, Southwest) (the "Project"). The initial owner, operator and manager of the Project will be the Company. The estimated maximum amount of the proposed bond issue is an amount equal to \$1,000,000. The Bonds shall be limited obligations of the Authority, and the Bonds and the interest thereon shall be payable solely from the revenue pledged to the payment thereof, except that such Bonds may be secured by a mortgage or security interest to be created by the Company if subsequently required by the Authority. In addition, the Bonds and the Project may subsequently be considered by the Authority for financial assistance to be provided by the Economic Development Fund, created and established pursuant to the Act or other applicable financial assistance of the Authority. Notwithstanding the foregoing, no holders of any such Bonds shall ever have the right to compel any exercise of the taxing powers of the State of Minnesota or any political subdivision thereof to pay the Bonds or the interest thereon nor to enforce payment against any property of said State or said political subdivision.

A copy of the Application to the Authority for approval of the Project, together with all attachments and exhibits thereto and a copy of the Authority's resolution accepting the Application and accepting the Project is available for public inspection at the

offices of the Authority, at 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota from the date of this notice to the date of the public hearing hereinabove identified, during normal business hours.

November 25, 1985

By Order of the Members of the  
Minnesota Energy and Economic  
Development Authority,  
Mark Dayton  
Commissioner, Department of Energy  
and Economic Development, and  
Chairman, Minnesota Energy and  
Economic Development Authority

## **Department of Human Services Long Term Care Management Division Health Care Programs Division**

### **Notice of Changes in Medical Assistance**

Notice is hereby given to all providers and recipients of Minnesota Medical Assistance, and to the public of changes in the Medical Assistance reimbursement system for intermediate care facilities for persons with mental retardation which participate in the Medical Assistance Program, except state owned facilities. The state intends to adopt Minnesota Rules, parts 9553.0010 to 9553.0080 which apply to the Medical Assistance reimbursement system for Intermediate Care Facilities for the Mentally Retarded (ICF/MR).

Minnesota Rules, parts 9553.0010 to 9553.0080 are effective for payment rates established on or after January 1, 1986.

This notice is being published pursuant to federal regulations which govern administration of the Medical Assistance program, 42 CFR 447.205 (1984).

Minnesota Rules, parts 9553.0010 to 9553.0080 apply to intermediate care facilities for persons with mental retardation which participate in the Medical Assistance Program, except state owned facilities. These rules contain the policies and procedures for determining the total payment rates for intermediate care facilities for persons with mental retardation. The rule contains sections on definition of terms; cost classification and allocation procedures; standards for determination of allowable costs; nonallowable costs; reporting by cost category; general reporting requirements; determination of the total operating cost payment rate; determination of the property related payment rate; determination of the total payment rate; rate setting procedure for newly constructed or newly established facilities or approved class A to class B conversions; and appeals procedures.

Changes in the reimbursement system are detailed in the text of Minnesota Rules, parts 9553.0010 to 9553.0080 which were published in the *State Register*. (See *State Register*, Volume 10, Number 4, Monday, July 22, 1985, pp. 155 to 183.) Changes made as a result of the public hearing process are shown in the adopted rule as published in this issue of the *State Register*.

No significant increase or decrease in annual aggregate expenditures are projected as a result of implementation of these rule parts.

Minnesota Rules, parts 9553.0010 to 9553.0080 are being adopted in order to comply with Minnesota Statutes 256B.501, subdivision 1 to 3.

Information on implementation of these rule parts will be sent to local welfare agencies and to the health care providers enrolled in the Medical Assistance program via instructional and informational bulletins.

Copies of the rule are available for public review at each county welfare or social services department.

Written comments and questions may be addressed to:

Long Term Care Management Division  
Sixth Floor, Space Center Building  
St. Paul, MN 55101

**Department of Public Safety  
Driver and Vehicle Services**

**Outside Opinion Sought Regarding Proposed Rules Governing Alcohol Safety Program  
Presentence Investigation—Rules and Standards for Reimbursement to Counties**

Notice is hereby given that the State Department of Public Safety is seeking information or opinions from sources outside the agency in preparing to promulgate rules governing the rules and standards for reimbursement to counties for conducting presentence investigations for alcohol related driving offenses. The rules include reporting requirements and qualifications of persons conducting presentence investigations.

The promulgation of these rules is authorized by Minnesota Statutes section 169.124, subdivision 2, which requires the agency to promulgate rules and standards for reimbursement to counties for the cost of alcohol problem assessments.

The State Department of Public Safety requests information and comments concerning the subject matter of these rules. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Tom VanHon  
Room 161, Transportation Building  
John Ireland Boulevard  
St. Paul, MN 55155

Oral statements will be received during regular business hours over the telephone at 612/296-9524 and in person at the above address.

All statements of information and comment shall be accepted until January 15, 1986. Any written material received by the State Department of Public Safety shall become part of the rulemaking record in the event that the rules are promulgated.

Paul J. Tschida  
Commissioner of Public Safety

**Department of Transportation**

**Amended Order and Notice of Street and Highway Routes Designated and Permitted to  
Carry the Gross Weights Allowed Under Minn. Stat. § 169.825, Order No. 70747, St.  
Louis County**

Whereas, the Commissioner of Transportation has made his Order No. 68884 as amended by Orders Nos. 69226, 69269, 69270, 69344, 69353, 69595, 69770, 69796, 70006, 70031, 70152, 70455, 70520, 70580, 70652, and 70698 designating and permitting certain street and highway routes, or segments of those routes, to carry the gross weights allowed under Minnesota Statutes § 169.825, and

Whereas, the Commissioner has determined that the additional following routes, or segment of routes, should be designated to carry the gross weights allowed under Minnesota Statutes, § 169.825.

IT IS HEREBY ORDERED that Commissioner of Transportation Order No. 68884 is amended this date by adding the following designated streets and highway routes, or segment of routes, as follows:

COUNTY ROADS

- St. Louis     C.S.A.H. 3 (Becks Road) from T.H. 23 to C.S.A.H. 13 (Midway Road). (12 Month.)  
                  C.S.A.H. 13 (Midway Road) from C.S.A.H. 3 to T.H. 53 (Miller Trunk Highway). (12 Month.)  
                  C.S.A.H. 53 from T.H. 169 to T.H. 135 (Virginia). (12 Month.)

November 26, 1985

Richard P. Braun  
Commissioner

# STATE CONTRACTS

Pursuant to the provisions of Minn. Stat. § 16.098, subd. 3, an agency must make reasonable effort to publicize the availability of any consultant services contract or professional and technical services contract which has an estimated cost of over \$2,000.

Department of Administration procedures require that notice of any consultant services contract or professional and technical services contract which has an estimated cost of over \$10,000 be printed in the *State Register*. These procedures also require that the following information be included in the notice: name of contact person, agency name and address, description of project and tasks, cost estimate, and completed contract proposal. Certain quasi-state agencies are exempted from some of the provisions of this statute.

Commodities contracts with an estimated value of \$5,000 or more are listed under the Procurement Division, Department of Administration. All bids are open for 7-10 days before bidding deadline. For bid specifics, time lines, and other general information, contact the appropriate buyers by calling 296-6152. If the appropriate buyer is not available, contact Harvey Leach or Barbara Jolly at 296-3779.

## Department of Administration Procurement Division

### Commodities Contracts and Requisitions Currently Open for Bidding

Requisition #	Item	Ordering Division	Delivery Point	Estimated Dollar Amount
29-000-43101-4367	Watercraft Registration Form with Decals & Card	Natural Resources	St. Paul	Contact buyer
29-000-43100-4369	Watercraft Duplicate Forms with I.D. Card	Natural Resources	St. Paul	Contact buyer
29-000-43099-4368	Watercraft Decals	Natural Resources	St. Paul	Contact buyer
21-200-11606-4278	Employer's Statement of Account Contract	Jobs and Training	St. Paul	Contact buyer
79-050-17690	Security Services—Various Agencies	Various	Various	Contact buyer
29-003-09439	Controllers	Transportation		Contact buyer
29-006-04824	Snow Groomer Drags	Natural Resources	Onamia	Contact buyer
01-000-04499	Farm Tractor	Natural Resources	Jordan	Contact buyer
07-500-37323	Construct Concrete Block Buildings—Twin Cities Area	Military Affairs	Twin Cities	Contact buyer
27-148-48080	Vehicular Repeater Systems	Public Safety	Various	Contact buyer
02-310-14245	Riding Lawn Tractor	Rochester Community College	Rochester	Contact buyer
29-004-07148	Water Meters	Human Services—Brainerd State Hospital	Brainerd	Contact buyer
29-002-11684	Fish Netting	Natural Resources	St. Paul	Contact buyer
78-620-25653	Industrial Tractor Loader	Natural Resources	Grand Rapids	Contact buyer
Sch. 5	Welding Curtains	MN Correctional Facility	Stillwater	Contact buyer
78-830-07948	Poultry & Poultry Products for January, February, March, 1986	Various Institutions	Various Locations	Contact buyer
37-001-10335	Fish	MN Correctional Facility	St. Cloud	Contact buyer
37-010-14430	Riding Lawn Tractor	Human Services—Academy for the Deaf	Faribault	Contact buyer
07-100-37484-4585	Conversion of Transit Bus	Education	St. Paul	Contact buyer
27-154-46537-4348	What to do before the Burglar Comes	Public Safety	St. Paul	Contact buyer
07-700-37324-4312	Leader 85-86 Schoolyear	Lakewood Community College	White Bear Lake	Contact buyer
Sch. 4	Certification of Title Envelope	Public Safety	St. Paul	Contact buyer
79-800-A	Meat & Meat Products for the month of January, 1986	Various	Various	Contact buyer
29-001-09665	Aggregates	Transportation	Willmar	Contact buyer
Contract	Diesel Crawler Tractor	Natural Resources	Grand Rapids	Contact buyer
	Ribbons, Typewriters, & Adding Machines	Administration—Central Stores	St. Paul	Contact buyer

# STATE CONTRACTS

Requisition #	Item	Ordering Division	Delivery Point	Estimated Dollar Amount
26-070-11436-37	Purchase of Computer Processor, Accessories & Software	Bemidji State University	Bemidji	Contact buyer
Contract	Drinking Cups	Administration— Central Stores	St. Paul	Contact buyer
Contract	Ambulance Service	Veterans Affairs— Veterans Home	Minneapolis	\$7,000-8,000

Contact 296-6152 for referral to specific buyers.

## Anoka-Ramsey Community College

### Request for Proposals for Insurance Pre-License Instructors

Anoka-Ramsey Community College is looking for a company to teach insurance pre-licensure courses beginning January 13, 1986. Individual instructors must be certified/approved instructors by the Minnesota Department of Commerce. The college anticipates writing two contracts for \$11,000 each. Proposals must be submitted by December 30, 1985. Submit proposals to Ken Hess, Anoka-Ramsey Community College, 11200 Mississippi Blvd. N.W., Coon Rapids, MN 55433-9987. Phone 427-2600.

## Department of Human Services Chemical Dependency Program Division

### Request for Proposals for Feasibility Study for a Minnesota Multicultural Treatment Center

The Chemical Dependency Program Division (CDPD) of the Department of Human Services is soliciting proposals for a feasibility study for a multicultural treatment center. The study shall be designed to establish the feasibility of a multi-cultural treatment center for the purpose of providing appropriate service delivery according to individual needs of special populations including Blacks, Hispanics, Asians, minority youth, elderly, women, gays/lesbians, handicapped, and children of alcoholics. A total of up to \$30,000 will be available for a single grantee. The project will begin on or about May 1, 1986, with a duration of about 12 months.

All requests for further information or copies of the complete Request for Proposals (RFP) and application forms can be obtained by contacting Dorrie Hennagir at 612/296-4617.

Proposals in response to this RFP must be submitted on the CDPD grant application form. Eight copies of the proposal must be in the CDPD office, 6th Floor, Space Center Building, 444 Lafayette Road, St. Paul, MN 55101, no later than 4:20 p.m. on February 3, 1986.

The Chemical Dependency Program Division and the State of Minnesota reserve the right to reject any and all proposals submitted and to reallocate funds contemplated for the purpose of this RFP to another purpose.

## Department of Human Services Chemical Dependency Program Division

### Request for Proposals for Outpatient Treatment Services for Blacks

The Chemical Dependency Program Division (CDPD) of the Department of Human Services is soliciting proposals for the provision of an outpatient program for the treatment of Black individuals with chemical dependency problems. A total of up to \$25,000 is available for a single grantee. The grantee will also be expected to obtain a license under Minnesota Rule Parts 9530.5000-9930.6500 (previously DHS Rule 43). Continuation or second year funding may be awarded contingent upon satisfactory performance by the grantee. The project will begin on or about May 1, 1986 and continue for a minimum of one year.

All requests for further information or copies of the complete Request for Proposals (RFP) and application forms can be obtained by contacting Dorrie Hennagir at 612/296-4617.

Proposals in response to this RFP must be submitted on the CDPD grant application form. Eight copies of the proposal must be in the CDPD office, 6th Floor, Space Center Building, 444 Lafayette Road, St. Paul, MN 55101, no later than 4:20 p.m. on February 3, 1986.

The Chemical Dependency Program Division and the State of Minnesota reserve the right to reject any and all proposals submitted and to reallocate funds contemplated for the purpose of this RFP to another purpose.

## **Metropolitan Council**

### **Sealed Bids Requested for Printing the Housing Options Guide**

The Metropolitan Council, 300 Metro Square Bldg., St. Paul 55101, is requesting sealed bids to print the Housing Options Guide.

Specifications for printing the publication can be obtained by contacting Nadine Farrington, publications unit, at 291-6478.

Sealed bids will be accepted by the Metropolitan Council until 4 p.m. Dec. 5, 1985. The Council's purchasing officer will open the sealed bids publicly in the Council offices at 10 a.m. Dec. 6.

All sealed bids shall be marked "Bids to print Housing Options Guide—to be opened on Dec. 6." Bids shall be mailed or delivered to Nadine Farrington, Communications Department, Metropolitan Council, 300 Metro Square Bldg., St. Paul 55101.

The Metropolitan Council reserves the right to reject any or all bids, and to waive any minor irregularity or deviation from the specifications.

November 21, 1985

Sandra S. Gardebring, Chair

## **North Hennepin Community College**

### **Request for Proposals for Advertising Supplement**

North Hennepin Community College plans to produce an advertising supplement to commemorate the College's 20th anniversary. Advertising is to be sold to generate revenue to cover the costs of the supplement.

This request for proposals does not obligate the College to complete the project and the College reserves the right to cancel the solicitation if it is considered to be in its best interest.

#### I. Scope of Contract

- A. Develop the conceptual design of 28-page supplement to commemorate the College's 20th anniversary.
- B. Coordinate the selling of advertising to local business which will be included in the supplement whereby the total cost of the supplement will be covered by advertising revenue.
- C. To be responsible for the design, layout, and printing of the supplement.
- D. To provide professional advice to the College on all other aspects of the supplement.

#### II. Contract Tasks

Vendor must have the capability to provide the following services:

- A. Coordinate and publish a 28-page four-color supplement with a run length of 100,000 copies.
- B. Allow the College Art Director and Graphic Design class to work with and in the newspaper print shop.
- C. Coordinate the distribution of the supplement among four local newspapers.
- D. Work with the Public Information Director in setting various deadlines.
- E. Selling advertising to businesses and organizations in the College service area.
- F. Guarantee advanced selling of ads to offset all costs of publication of supplement.

#### III. Contract Costs

The vendor is to sell advertising whereby there will be no cost to the College for publishing the supplement.

#### IV. Project Completion Date

Supplement is to be completed for publishing in August, 1986.

# STATE CONTRACTS

---

---

## V. Proposal Contents

The proposal must, at a minimum:

A. Identify and describe the services to be provided by the responder.

B. Outline:

1. The vendors previous experience and qualifications in the production of supplements and distribution of publications of this magnitude.

2. The vendor's previous experience and qualifications in producing advertising revenue to cover the cost of a supplement of this nature.

3. Working knowledge of the College service area and demonstration of an established working relationship with businesses and organizations in the College service area which may advertise in the supplement.

C. Include a detailed list of costs and ad revenues and turnaround time for services offered.

## VI. Submission of Proposals

All proposals must be sent to and received by:

Bob Schmidt, Director  
Public Information Office  
North Hennepin Community College  
7411 85th Avenue North  
Minneapolis, Minnesota 55445

—not later than 4:30 p.m., December 30, 1985.

Late proposals will not be accepted. Two copies of proposals are to be sealed in mailing envelopes or packages with the responder's name and address clearly written on the outside. Each copy of the proposal must be signed by an authorized member of the firm. Prices and terms of the proposal as stated must be valid for the length of the project.

## VII. Evaluation

All proposals received by the deadline will be evaluated by representatives of North Hennepin Community College Public Information Office. In some instances, interviews will be part of the evaluation process.

Factors upon which proposals will be judged include—but are not limited to—the following:

A. Proposal contents.

B. Cost and revenue detail, and turnaround time.

C. Ability to generate ad revenue.

D. Qualifications of both company and personnel assigned to the project.

E. References provided.

F. Working relationships with and knowledge of businesses and organizations in the College service area.

Responders will be notified of the results immediately by mail.

## VIII. Department Contacts

Prospective responders who have any questions regarding this request for proposal may call or write:

Bob Schmidt  
Public Information Director  
North Hennepin Community College  
7411 85th Avenue North  
Minneapolis, Minnesota 55455

This request for proposals does not obligate the College to complete the project, and the College reserves the right to cancel the solicitation if it is considered to be in its best interest.

**Department of Public Safety  
Office of Public Information****Graphic Art Contract Available**

The Department of Public Safety is seeking proposals for a graphic art service to increase Minnesota citizens' knowledge about traffic safety and crime prevention programs. Details of the plan are contained in a Request for Proposals. Copies of the Request for Proposals may be obtained at the Department of Public Safety, Office of Public Information, 318 Transportation Building, St. Paul, MN 55155.

Estimated cost of the contract is \$10,000. Final date for submitting proposals for the contract is Friday, December 27, 1985 by 4:30 p.m.

**Department of Public Safety  
Office of Public Information****Television Public Service Filming Contract Available**

The Department of Public Safety is seeking proposals for filming and producing television public service announcements to increase Minnesota citizens' knowledge about traffic safety and crime prevention programs. Details of the plan for filming and production of the Public Service Announcements are contained in a Request for Proposals. Copies of the Request for Proposals may be obtained at the Department of Public Safety, Office of Public Information, 318 Transportation Building, St. Paul, MN 55155.

Estimated cost of the contract is \$10,000. Final date for submitting proposals for the contract is Friday, December 27, 1985 by 4:30 p.m.

**Department of Public Safety  
State Patrol Division****Request for Proposals for DWI Instructor Training**

The Minnesota State Patrol is seeking a training institution to conduct a one-week (40-hour) "DWI Instructor" Course for state and local agency police officers.

This course will provide instructional techniques relative to the application of DWI/Implied Consent law and procedures regarding the detection, apprehension, and prosecution of the alcohol/drug impaired driver.

Course content will include (but not be limited to): Basic Instructor Techniques; DWI detection cues; legal aspects of DWI and implied consent; psychophysical testing, including gaze nystagmus; constitutional issues of DWI roadblocks; case preparation and court testimony; and Minnesota case law.

This project will be presented at a location provided by the State Patrol and under contract. It is outlined in the Request for Proposals, (RFP) "DWI Instructor Course." The formal RFP may be obtained by calling or writing:

Captain C. D. Swanson  
Director of Training  
Minnesota State Patrol  
1900 West County Road I  
New Brighton, Minnesota 55126  
Telephone: (612) 636-4990

The ceiling price for this course is \$7,500. The deadline for submission of proposals is 4:30 p.m., January 17, 1986.

## STATE CONTRACTS

---

---

### Department of Public Safety State Patrol Division

#### Request for Proposals for Police Staff and Command Training

The Minnesota State Patrol is seeking a training institution to conduct a two-week (80-hour) "Police Staff and Command" Course for state and local agency police personnel holding middle management, executive level, or first-line supervisory positions.

The course will address the necessary Staff and Command knowledge, skills, and techniques to effectively perform such functions within their respective police agencies.

Course content will include (but not be limited to): leadership; organization; inspections; policy development and implementation; allocation of resources; planning; decision making; and line/staff concepts.

This project will be presented at a location provided by the State Patrol and under contract. It is outlined in the Request for Proposals, (RFP) "Police Staff and Command." The formal RFP may be obtained by calling or writing:

Captain C. D. Swanson  
Director of Training  
Minnesota State Patrol  
1900 West County Road I  
New Brighton, Minnesota 55126  
Telephone: (612) 636-4990

The ceiling price for this course is \$11,000. The deadline for submission of proposals is 4:30 p.m., February 14, 1986.

### Department of Public Safety State Patrol Division

#### Request for Proposals for Police Supervisory Training

The Minnesota State Patrol is seeking a training institution to conduct a one-week (40-hour) "Basic Police Supervision Training" Course for state and local agency police officers. This course will be conducted in March, 1986, and again in September, 1986.

These courses will address those basic first line supervision issues necessary to establish an effective and productive supervisory subordinate relationship.

Course content will include (but not be limited to): fundamentals of organization; supervisor-subordinate relations; development of human resources; leadership principles; and effective communications.

This project will be presented at a location provided by the State Patrol and under contract. It is outlined in the Request for Proposals (RFP) "Basic Police Supervision." The formal RFP may be obtained by calling or writing:

Captain C. D. Swanson  
Director of Training  
Minnesota State Patrol  
1900 West County Road I  
New Brighton, Minnesota 55126  
Telephone: (612) 636-4990

The ceiling price for each course is \$7,500. The deadline for submission of proposals is 4:30 p.m., January 10, 1986, for the March course and June 6, 1986, for the September course. One proposal covering both courses is acceptable if specified as such.

### Department of Transportation

#### Request for Qualifications for Bridge Design Consultants

The Minnesota Department of Transportation (Mn/DOT) anticipates retaining Bridge Design Consultants to design and prepare construction plans for a limited number of bridges of average complexity during 1986.

Applicants must have an office in Minnesota staffed to handle the work. Recent experience in the production of bridge plans for the State Highway System, the County State Aid Highway System, or equivalent, is required.

Eligible design firms desiring to be considered as design contractors are asked to submit a brochure or resume giving qualifications and experience to K. V. Benthin, State Bridge Engineer, 610D Transportation Building, Mn/DOT, St. Paul, Minnesota 55155. Identify personnel to conduct the work and detail their training and experience. Brochures and resumes will be received until 4:00 p.m., December 27, 1985. Qualified applicants will be contacted, and may be requested to appear at the Mn/DOT Building in St. Paul for interviews.

Names of selected firms will be retained on file with Mn/DOT for consideration during 1986.

---

---

## STATE GRANTS

In addition to requests by state agencies for technical/professional services (published in the State Contracts section), the *State Register* also publishes notices about grant funds available through any agency or branch of state government. Although some grant programs specifically require printing in a statewide publication such as the *State Register*, there is no requirement for publication in the *State Register* itself.

Agencies are encouraged to publish grant notices, and to provide financial estimates as well as sufficient time for interested parties to respond.

---

### Department of Energy and Economic Development

#### Pilot Community Development Corporation Program—1986 Capital Venture Grants

Applications will be accepted from Community Development Corporations for Capital Venture Grants for the calendar year 1986 (January 1, 1986-December 31, 1986) beginning January 6, 1985. Eligible applicants must be certified as a Minnesota Community Development Corporation.

This appropriation is available for expenditure only to the extent that it is matched by a community development corporation with \$2 of private money for each \$3 of state money. (This amounts to a private match equal to 40% of the total project cost.)

The Minnesota Department of Energy and Economic Development has authority over the Project Grants as authorized in Minnesota Statutes 116J.65 subdivision 5, and has made application packages available.

The applicant may apply for Capital Venture Grants.

Capital Venture Grants shall be available for two categories of projects:

A. Business ventures: projects in this category involve the community development corporation's establishment of assistance to existing, or purchase of a partial or full ownership interest in a business venture to be carried on for profit within the designated community.

B. Infrastructure development: projects in the category involve the community development corporation's development of resources or facilities within its designated community that are necessary preconditions to the development of business ventures. Such projects shall be approved only where it can be shown that they will, in fact, lead to immediate business development and employment opportunities.

Anyone interested in obtaining the grant application may do so by contacting Patrick Conroy at the Minnesota Department of Energy and Economic Development, 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota 55101, phone: (612) 297-1304.

# SUPREME COURT DECISIONS

---

---

**Decisions Filed Wednesday, November 27, 1985**

**Compiled by Wayne O. Tschimperle, Clerk**

**C2-85-1251 Daniel Hodge, Relator v. Hodge Construction and Aetna Casualty and Surety Company and A Home of Your Own and Federated Mutual Insurance Company and Minnesota Department of Public Welfare. Workers' Compensation Court of Appeals.**

The Workers' Compensation Court of Appeals erred in setting aside the compensation judge's conclusion that employee's heart attack arose out of and in the course of his employment because that conclusion was based on findings which were supported by substantial evidence in view of the entire record.

Reversed and remanded for reinstatement of the compensation judge's decision. Yetka, J.

## **Orders**

**C7-82-81 In the Matter of the Application for the Discipline of Marshall G. Anderson, an Attorney at Law of the State of Minnesota. Supreme Court.**

Suspended. Amdahl, C.J.

# ERRATA

---

---

## **Department of Transportation**

### **Correction of Amended Notice of Street and Highway Routes Permitted to Carry the Gross Weights Allowed Under Minn. Stat. § 169.825, Order No. 70698**

Please take note that in the November 25, 1985 issue of the *State Register* a typographic error was made by the Department of Transportation in the amended notice of street and highway routes permitted to carry the gross weights allowed under Minnesota Statutes § 169.825 as reflected in Commissioner of Transportation Order No. 70698 (10 S.R. 1215).

The correct designations are:

T.H. 93 — From Jct. T.H. 112 (LeSueur) to Jct. T.H. 169.  
(Effective: 12 months.)

T.H. 112 — From 2nd and Bridge (LeSueur) to Jct. T.H. 169.  
(Effective: 12 months.)

Richard P. Braun  
Commissioner of Transportation

State of Minnesota  
 State Register and Public Documents Division  
 117 University Avenue  
 St. Paul, Minnesota 55155

(612) 297-3000  
 (toll-free # for MN:  
 1-800-652-9747)

## ORDER FORM

**State Register.** Minnesota's official weekly publication for agency rules and notices, executive orders of the Governor, state contracts, Supreme Court and Tax Court decisions.

- \_\_\_\_\_ Annual subscription \$130.00
- \_\_\_\_\_ Trial subscription (13 weeks) \$40.00
- \_\_\_\_\_ Single copies \$3.25 each

**Minnesota Guidebook to State Agency Services 1984-85.** A 623-page guide to services provided by Minnesota agencies.

- \_\_\_\_\_ Single copy: \$12.50 + \$.75 tax = \$13.25\* each

**Minnesota Rules 1985.** 10-volume set.

- \_\_\_\_\_ Set: \$125.00 + \$7.50 = \$132.50.\*
- \_\_\_\_\_ Each volume: \$13.00 + \$.78 = \$13.78.
- No handling charge.

**Minnesota Laws 1985.** All laws passed in the Regular and Special Sessions.

- \_\_\_\_\_ \$37.00 + \$2.22 = \$39.22.\*
- No handling charge.

**State Register Binder.** Durable 3½ inches, forest green binders imprinted with the *State Register* logo.

- \_\_\_\_\_ **State Register Binder** \$6.50 + \$.39 tax = \$6.89\* each

**State Register Index.** Contains cumulative findings aids to Volume 8 of the *State Register*, including Minnesota Rules Amendments and Additions, Executive Orders List, Executive Orders Index, Agency Index, Subject Matter Index.

- \_\_\_\_\_ Single copy \$5.00

**Worker's Compensation Decisions.** Volume 37. Selected landmark decisions of the Worker's Compensation Court of Appeals. Annual subscription, quarterly updates.

- \_\_\_\_\_ Annual subscription \$85.00

**Minnesota Statutes 1985 Supplement.** Pocket part supplement to Minnesota Statutes 1984.

- \_\_\_\_\_ \$25.00 + \$1.50 = \$26.50.\*
- No handling charge.

\*To avoid Minnesota sales tax, please include your Certificate of Exempt Status issued by the Department of Revenue. No Mastercard/VISA accepted on Rules and Laws.

Please enclose full amount for items ordered: prepaid orders only. Make check/money order payable to "State of Minnesota." (Phone orders are taken only with a Mastercard/VISA charge number.)

**EACH ORDER MUST INCLUDE \$1.50 POSTAGE AND HANDLING FEE.**

Name \_\_\_\_\_

Attn of: \_\_\_\_\_

Street \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone # \_\_\_\_\_

### CHANGE OF ADDRESS NOTICE

Please notify us as soon as your address changes so that we can continue to serve you.

OLD ADDRESS

NEW ADDRESS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Publication(s) you are receiving from us: \_\_\_\_\_

## FOR LEGISLATIVE NEWS

Publications containing news and information from the Minnesota Senate House of Representatives are available free to concerned citizens and the news media. To be placed on the mailing list, write or call the offices listed below:

### SENATE

### HOUSE

**Briefly-Preview**—Senate news and committee calendar; published weekly during legislative sessions.

**Session Weekly**—House committees, committee assignments of individual representatives; news on committee meetings and action. House action and bill introductions

**Perspectives**—Publication about the Senate.

**This Week**—weekly interim bulletin of the House.

Contact: Senate Public Information Office  
 B29 State Capitol, St. Paul, MN 55155  
 (612) 296-0504

Contact: House Information Office  
 Room 8 State Capitol, St. Paul, MN 55155  
 (612) 296-2146

Legislative Reference Library

Attn: Zona DeWitt

645 State Office Bldg.

**Interoffice**